



دار البلد لحلول الأعمال
DAR ALBALAD FOR BUSINESS SOLUTIONS

Prospectus

Dar AlBalad for Business Solutions Company



Prospectus of Dar AlBalad for Business Solutions Company

A Saudi joint-stock company established under Unified Commercial Register No. 7002303746 dated 17/05/1422H (corresponding to 07/08/2001G).

Offering of twenty-one million (21.000.000) Ordinary Shares. representing 30% of Dar AlBalad for Business Solutions Company's share capital. through a public offering at a price of SAR 9.75 per share.

The Offering Period: Five (5) days

Starting on Sunday 23/11/1447H (corresponding to 10/05/2026G) and ending on Thursday 27/11/1447H (corresponding to 14/05/2026G).

Dar AlBalad for Business Solutions Company (hereinafter referred to as the **"Issuer"** or the **"Company"**) is a Saudi closed joint-stock company established under Unified Commercial Register No. 7002303746 dated 17/05/1422H (corresponding to 07/08/2001G) issued in Riyadh, Kingdom of Saudi Arabia. As listed in the Commercial Register, the Head Office of the Company is located in Building no. 7768 Wadi Al Artawi, Al Olaya District, P.O. Box 3168, Riyadh, 12212, Kingdom of Saudi Arabia. The current share capital of the Company is seventy million Saudi Riyals (SAR 70,000,000), fully paid up and divided into seventy million (70,000,000) Ordinary Shares with a fully paid-up nominal value of one Saudi Riyal (SAR 1) per share (the **"Share(s)"**).

The Company was established by Mr. Ibrahim Abdullah Abdulaziz Bin Salamah as a single person establishment in Riyadh under the name Dar AlBalad for Information and Technology with Unified Commercial Register No. 7002303746 dated 17/05/1422H (corresponding to 07/08/2001G) with a capital of twenty five thousand Saudi Riyals (SAR 25,000).

On 16/10/1441H (corresponding to 08/06/2020G), the Company was converted from a single person company into a limited liability company under the name of Dar AlBalad for Maintenance and Operation with a capital of one million Saudi Riyals (SAR 1,000,000), divided into one hundred thousand (100,000) shares of equal value of ten Saudi Riyals (SAR 10) per share, by transferring an amount of nine hundred and seventy-five thousand Saudi Riyals (SAR 975,000) from the retained earnings account to the capital, and Mr. Ibrahim Abdullah Abdulaziz Bin Salamah assigned his entire ownership in the establishment to Dar AlBalad Commercial Company, without compensation.

On 22/11/1445H (corresponding to 30/05/2024G), the Company's name was changed from Dar AlBalad for Maintenance and Operation Company to Dar AlBalad for Business Solutions Company.

On 11/06/1446H (corresponding to 12/12/2024G), the nominal value of the Company's Share was decreased from ten Saudi Riyals (SAR 10) to one Saudi Riyal (SAR 1), and the Company's capital was increased from one million Saudi Riyals (SAR 1,000,000) divided into one hundred thousand (100,000) shares of equal value of ten Saudi Riyals (SAR 10) per share, to fifty million Saudi Riyals (SAR 50,000,000) divided into fifty million (50,000,000) shares of equal value of one Saudi Riyal (SAR 1) per share, wholly owned by Dar AlBalad Commercial Company, by transferring an amount of forty-nine million Saudi Riyals (SAR 49,000,000) from the retained earnings account to its capital.

On 01/07/1446H (corresponding to 01/01/2025G), the Company entered into an agreement with Dar AlBalad Commercial Company and GSC Solutions (formerly Global Specialty Chemicals Company), whereby the Company acquired the entire share capital of GSC Solutions, a limited liability company with a share capital of SAR 500,000 divided into 500,000 shares with a nominal value of SAR 1 each. It is registered under Unified Commercial Registration No. 7001690887 dated 08/08/1432H (corresponding to 09/07/2011G), with its head office located in Riyadh (hereinafter referred to as the **"Subsidiary,"** and referred to together with the Company as the **"Group"**). The Company acquired the entire share capital of GSC Solutions, including all its rights and obligations. Prior to this acquisition, the Subsidiary was directly owned by Dar AlBalad Commercial Company, which is the parent company of both the Company and its Subsidiary. The acquisition was carried out at a book value of SAR 21,839,626 as at 31 December 2024G, without any change in ultimate control. The Company recorded such value as additional share capital. All statutory and legal procedures related to the transfer of ownership and the updating of the commercial registrations were completed on 13/07/1446H (corresponding to 13/01/2025G). On 10/04/1447H (corresponding to 02/10/2025G), the Subsidiary name was changed from **"Global Specialty Chemicals Company"** to **"GSC Solutions"**.

On 13/08/1446H (corresponding to 12/02/2025G), the Company's capital was increased from fifty million Saudi Riyals (SAR 50,000,000) to seventy million Saudi Riyals (SAR 70,000,000) divided into seventy million (70,000,000) shares of equal value of one Saudi Riyal (SAR 1) per share, wholly owned by Dar AlBalad Commercial Company, by transferring an amount of ten million Saudi Riyals (SAR 10,000,000) from the additional capital contributions account and an amount of ten million Saudi Riyals (SAR 10,000,000) from the retained earnings account to the capital.

On 21/08/1446H (corresponding to 20/02/2025G), Dar AlBalad Commercial Company assigned, in exchange for an agreed cash consideration (of five million six hundred and twelve Saudi Riyals (SAR 5,060,512)), part of its shares in the Company amounting to one million and four hundred thousand (1,400,000) to Najm for Commercial Investment Company, and one million and four hundred thousand (1,400,000) of its shares in the Company to Najm AlOlaya Commercial Company. The consideration for such assignment was determined based on the book value of the Company's equity as at 01/07/1446H (corresponding to 01/01/2025G).

On 02/09/1446H (corresponding to 02/03/2025G), the Company was converted from a limited liability company to a closed joint-stock company with an issued fully paid capital of seventy million Saudi Riyals (SAR 70,000,000) divided into seventy million (70,000,000) Ordinary Shares with a nominal value of one Saudi Riyal (SAR 1) per share. The Company was also registered in the Commercial Register as a closed joint-stock company.

As at the date of this Prospectus, the Company's current share capital is seventy million Saudi Riyals (SAR 70,000,000), fully paid and divided into seventy million (70,000,000) Ordinary Shares of equal value of one Saudi Riyal (SAR 1) per share. (For further information, please refer to Section 4.6 (**"Overview of the Company and Evolution of its Capital"**) of this Prospectus).

The Company's Board of Directors approved the initial public offering on 17/09/1446H (corresponding to 17/03/2025G), and the Extraordinary General Assembly approved it on 20/10/1446H (corresponding to 18/04/2025G). The initial public offering (hereinafter referred to as the **"Offering"**) consists of the offering by Dar AlBalad Commercial Company of twenty-one million (21,000,000) Ordinary Shares (collectively, the **"Offer Shares"**, and each an **"Offer Share"**) by the Selling Shareholder, Dar AlBalad Commercial Company, and the Offer Shares in their entirety represent thirty percent (30%) of the share capital of the Company. The offer price shall be nine Saudi Riyals and seventy-five Halalas (SAR 9.75) per Share (the **"Offer Price"**).

Subscription to the Offer Shares shall be restricted to the two following groups of investors (hereinafter referred to as the **"Investors"**):

Tranche (A): Participating Parties: This tranche comprises the parties eligible to participate in the Book-Building process in accordance with the Instructions on Book-Building and Allocation of Shares in Initial Public Offerings, as issued by the Capital Market Authority (hereinafter referred to as the **"CMA"**) (the Instructions shall hereinafter be referred to as the **"Book-Building Instructions"**), (said parties shall be collectively referred to as the **"Participating Parties"** and each as a **"Participating Party"**) (For further details, please refer to Section 1 (**"Definitions and Abbreviations"**) of this Prospectus). The number of Offer Shares to be initially allocated to Participating Parties is twenty-one million (21,000,000) Ordinary Offer Shares, representing one hundred percent (100%) of the total Offer Shares. Final allocation of the Offer Shares to the Participating Parties will be made following subscription by Individual Subscribers. In the event there is sufficient demand by Individual Subscribers (as defined under Tranche (B) below), the Financial Advisor shall have the right to reduce the number of Offer Shares allocated to Participating Parties to a minimum of fourteen million seven hundred thousand (14,700,000) Ordinary Shares, representing seventy percent (70%) of the total Offer Shares. The Financial Advisor, in coordination with the Company, shall determine the number and percentage of Offer Shares to be allocated to Participating Parties.

Tranche (B): Individual Subscribers: This tranche includes Saudi Arabian nationals, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi person who can subscribe in her own name or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor children; and non-Saudi natural persons either residing or not residing in the Kingdom who have an investment account and an active portfolio with one of the Receiving Entities or have the right to open an investment account with a Capital Market Institution (collectively, the **"Individual Subscribers"**, and each an **"Individual Subscriber"**). Subscription by a person in the name of his divorcee shall be deemed invalid. If a transaction of this nature is proved to have occurred, the applicable regulations shall be enforced against such person. If a duplicate subscription is made, the second subscription will be deemed void, and only the first subscription will be accepted. A maximum of six million three hundred thousand (6,300,000) Ordinary Shares, representing thirty percent (30%) of the Offer Shares, shall be allocated to Individual Subscribers. In the event that the Individual Subscribers do not subscribe in full for the Offer Shares allocated to them, the Financial Advisor may reduce the number of Offer Shares allocated to Individual Subscribers in proportion to the number of Offer Shares subscribed for thereby.

Current Company Shareholders (hereinafter collectively referred to as the **"Current Shareholders"**) own the entirety of the Company's Shares prior to the Offering. All Sale Shares will be sold by the selling shareholder, Dar AlBalad Commercial Company (hereinafter referred to as the **"Selling Shareholder"** or **"Substantial Shareholder"**) in accordance with Table 5.1 (**"The Company's Direct Ownership Structure Pre- and Post-Offering"**). The Current Shareholders, whose names appear on page 95 of this Prospectus and who collectively own one hundred percent (100%) of the Company Shares prior to the Offering, shall own 68.5% of the Company's share capital following the Offering, and will continue to hold the controlling interest in the Company (for further information, please refer to Table 5.1 (**"The Company's Direct Ownership Structure Pre- and Post-Offering"**) of this Prospectus).

The Selling Shareholder will be subject to a Lock-Up Period during which the Substantial Shareholder shall be prohibited from trading or pledging its shares for a period of six (6) months (hereinafter referred to as the **"Lock-Up Period"**) from the date when the Company's Shares commence trading on the Saudi Stock Exchange (hereinafter referred to as **"Tadawul"**, the **"Exchange"** or the **"Saudi Capital Market"**). After the Lock-Up Period, the Substantial Shareholder is entitled to dispose of its Shares. The Company shall also be prohibited from listing Shares of the same class of listed shares for a period of six (6) months from the date when the Company's Shares commence trading on the Exchange. Details of the shareholding of the Substantial Shareholder are set out in Table 1.2 (**"Substantial Shareholder and Shareholding Thereof Pre- and Post-Offering"**) of the **"Summary of the Offering"** on page (xv).

The Offering proceeds (the **"Offering Proceeds"**), after deduction of the Offering expenses (hereinafter referred to as the **"Net Offering Proceeds"**), shall be distributed to the Selling Shareholder and the Company shall not receive any part of the Net Offering Proceeds (for more details, please see Section 8 **"Use of Proceeds"** of this Prospectus). The Underwriter has fully pledged to cover the Offering (for more details, please refer to Section 13 (**"Underwriting"**) of this Prospectus).

The offering period will commence on Sunday, 23/11/1447H (corresponding to 10/05/2026G), and will remain open for a period of five (5) days up to and including the last Offering day on Thursday, 27/11/1447H (corresponding to 14/05/2026G) (hereinafter referred to as the **"Offering Period"**). Subscription Forms may be

submitted by Individual Subscribers through the electronic channels of the Receiving Entities listed on pages (viii), (ix) and (x) of this Prospectus (hereinafter referred to as the **"Receiving Entities"**) during the Offering Period (For further details, please refer to page (xx) (**"Key Dates and Subscription Procedures"**) of this Prospectus). Participating Parties can register their application to subscribe to the Offer Shares through the Joint Bookrunners (defined in Section 1 (**"Definitions and Abbreviations"**) of this Prospectus) during the Book-Building process taking place prior to the Offering to Individual Subscribers.

Each Individual Subscriber who subscribes to the Offer Shares must apply for a minimum of ten (10) Ordinary Shares. The maximum number of Ordinary Shares that can be subscribed to is one hundred thousand (100,000) Ordinary Shares per Individual Subscriber. The balance of the Offer Shares, if any, will be allocated on a pro rata basis based on the number of Offer Shares applied for by each Individual Subscriber. In the event that the number of Individual Subscribers exceeds six hundred and thirty thousand (630,000) Subscribers, the Company will not guarantee the minimum allocation of Offer Shares, and the allocation will be made in accordance with the recommendations of the Issuer and the Financial Advisor. Excess subscription monies, if any, will be refunded to the Individual Subscribers without any charge or withholding by the Receiving Entities. Announcement of the final allocation and refund of subscription monies will be made at the latest by Thursday, 04/12/1447H (corresponding to 21/05/2026G) (For further details, please refer to **"Key Dates and Subscription Procedures"** on page (xx) and Section 17 (**"Subscription Terms and Conditions"**) of this Prospectus).

The Company has one class of ordinary shares. Each Share entitles its holder to one vote, and each shareholder (hereinafter referred to as a **"Shareholder"**), regardless of the number of Shares held thereby, has the right to attend and vote at Shareholders' general assembly meetings (hereinafter referred to as the **"General Assembly"**), but will not be entitled to any preferential voting rights. Each shareholder has the right to delegate another shareholder, other than members of the Company's Board, to attend General Assembly meetings and vote thereon on resolutions on their behalf. The Offer Shares will entitle holders to receive dividends declared by the Company as of the date of this Prospectus (hereinafter referred to as the **"Prospectus"**) and for subsequent financial years (for further information, please refer to Section 7 (**"Dividend Distribution Policy"**) of this Prospectus).

Prior to the Offering, the Company's Shares have never been listed or traded in any stock market either in the Kingdom of Saudi Arabia (hereinafter referred to as **"KSA"** or the **"Kingdom"**) or elsewhere. Applications have been submitted by the Company to (i) CMA for the registration and offering of the Shares, and (ii) the Exchange for the listing of the Shares. All supporting documents have been submitted to CMA and all requirements have been satisfied, including those pertaining to listing the Company on the Exchange, with all approvals required to conduct the Offering granted, including approvals pertaining to this Prospectus (hereinafter referred to as the **"Prospectus"**). It is expected that trading in the Shares will commence on the Exchange shortly after the allocation of the Offer Shares and satisfaction of necessary conditions and procedures (for further details, please refer to **"Key Dates and Subscription Procedures"** on page (xx) of this Prospectus). Saudi natural persons, foreign natural persons either residing or not residing in the Kingdom, companies, banks, and investment funds as well as the Cooperation Council for the Arab States of the Gulf (the **"GCC"**) natural persons, will be permitted to trade in the Shares after the trading on the Exchange commences. Moreover, Strategic Foreign Investors and foreign natural and juridical persons either residing or not residing in the Kingdom will be permitted to trade in the Shares in accordance with the Rules for Foreign Investment in Securities (all as defined in Section 1 (**"Definitions and Abbreviations"**)). Moreover, foreign investors which are clients of a Capital Market Institution authorised by the CMA to acquire, hold and trade the Shares on the Exchange (each a **"Capital Market Institution"**) to conduct managed activities will be permitted to trade in the Shares in accordance with the Rules for Foreign Investment in Securities, provided that the Capital Market Institution has been appointed on conditions that enable it to make all investment decisions on the client behalf without obtaining prior approval from the client.

Subscription to the Offer Shares can potentially entail risks and uncertainties. Those wishing to subscribe to the Company's Shares should carefully read and review this Prospectus in full and consider the **"Important Notice"** Section on page (i) and Section 2 (**"Risk Factors"**) of this Prospectus, before making any decision to invest in the Offer Shares.

This Prospectus includes information for the application for registration and offer of securities in accordance with the Rules on the Offer of Securities and Continuing Obligations (OSCOs) issued by the Capital Market Authority in KSA (the **"CMA"**) and the application for listing securities in accordance with the Listing Rules of the Saudi Exchange. The Directors, whose names appear in this Prospectus, collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading. The CMA and the Exchange do not take any responsibility for the contents of this Prospectus, do not make any representation as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Prospectus.

This Prospectus is dated 11/07/1447H (corresponding to 31/12/2025G).

Receiving Entities



Financial Advisor, Lead Manager and Underwriter



Joint Bookrunners



IMPORTANT NOTICE

This Prospectus contains detailed information relating to the Company and the Offer Shares. When submitting a Subscription Application for the Offer Shares, Investors, whether Participating Parties or Individual Subscribers, will be treated as applying solely on the basis of the information contained in this Prospectus, copies of which may be obtained from the Company, the Lead Manager, or the Receiving Entities, and are available by visiting the websites of the CMA (www.cma.gov.sa), the Saudi Exchange (www.saudiexchange.sa), the Company (www.addar-bs.com), or the Financial Advisor (www.aljaziracapital.com.sa).

In respect to the Offering, the Company has appointed AlJazira Capital as financial advisor (hereinafter referred to as the “**Financial Advisor**”), lead manager (the “**Lead Manager**”), joint bookrunners, and underwriter (the “**Underwriter**”).

This Prospectus includes information provided in accordance with the Rules on the Offer of Securities and Continuing Obligations (OSCOs) issued by CMA, as well as the Listing Rules of the Saudi Exchange. The Directors, whose names appear on page (iv), collectively and individually, accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, having made all reasonable enquiries that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

While the Company has made all reasonable enquiries as to the accuracy of the information contained in this Prospectus as at the date of its issuance, a substantial portion of the information in this Prospectus relevant to the market and industry in which the Company operates is derived from external sources. Despite the fact that none of the Company, the Financial Advisor, nor any of the Company's other advisors whose names appear on pages (vi) and (vii) of this Prospectus (hereinafter collectively referred to as the “**Advisors**”), have any reason to believe that any of the market and industry information is materially inaccurate, neither the Company nor any of the Advisors has independently verified such information. Accordingly, no representation or assurance is made with respect to the accuracy or completeness of any of this information.

The information contained in this Prospectus as at the date hereof is subject to change. In particular, the financial position of the Company and the value of the Offer Shares may be adversely affected by future developments, such as inflation, interest rates, taxation or other economic, political, and any other factors, over which the Company has no control (for further details, please refer to Section 2 (“**Risk Factors**”) of this Prospectus). Neither the delivery of this Prospectus nor any oral or written information in relation to the Offer Shares is intended to be, or should be construed as or relied upon in any way, as a promise, affirmation or representation as to future earnings, results or events.

This Prospectus is not to be regarded as a recommendation on the part of the Company, the Directors, the Selling Shareholder, the Receiving Entities or the Advisors to participate in the subscription to Offer Shares. Moreover, information provided in this Prospectus is of a general nature and has been prepared without taking into account individual investment objectives, financial situation or particular investment needs of persons wishing to subscribe to Offer Shares. Prior to making an investment decision, each recipient of this Prospectus is responsible for obtaining independent professional advice from a CMA-licensed financial advisor in relation to the Offering and must rely on its own examination of the appropriateness of both the investment opportunity and the information herein with regard to the recipient's individual investment objectives, financial situation and needs, including the merits and risks involved in investing in the Offer Shares. An investment in the Offer Shares may be appropriate for some investors but not others, and prospective investors should not rely on another party's vision or decision to invest or not to invest as a basis for their own examination of the investment opportunity and such investor's individual circumstances.

Subscription to the Offer Shares is restricted to two groups of investors which are: (A) Participating Parties: this tranche comprises the parties entitled to participate in the Book-Building process in accordance with the Book-Building Instructions (for further details, please refer to Section 1 (“**Definitions and Abbreviations**”) of this Prospectus); and (B) Individual Subscribers: this tranche includes Saudi Arabian nationals, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi person who can subscribe in her own name or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor children; and non-Saudi natural persons either residing or not residing in the Kingdom who have an investment account and an active portfolio with one of the Receiving Entities or have the right to open an investment account with a Capital Market Institution. Subscription by a person in the name of his divorcee shall be deemed invalid. If a transaction of this nature is proved to have occurred, the applicable regulations shall be enforced against such person. If a duplicate subscription is made, the second subscription will be deemed void, and only the first subscription will be accepted.

The Offering does not constitute an offer to sell, or solicitation of an offer to buy securities in any jurisdiction in which such offer or solicitation would be unlawful or prohibited. All recipients of this Prospectus must inform themselves of any legal restrictions relevant to this Offering and the sale of the Offer Shares and to comply with such restrictions. Each eligible Individual Subscriber and Participating Party should read the entire Prospectus and seek and rely on their own legal counsel, financial advisor, and other professional advisors for advice concerning the various legal, tax, regulatory and economic considerations relating to their investment in the Shares and will be responsible for the fees of their own counsel, accountants and other advisors as to all matters concerning an investment in the Company Shares. No assurance can be made that profits will be achieved.

MARKET AND INDUSTRY DATA

The information and data contained in Section 3 ("**Market and Industry Section**") of this Prospectus are derived from the market study report prepared for the Company by the Market Study Consultant, Euromonitor International Ltd. (the "**Market Study Consultant**") in March 2025G (the "**Market Study**").

Founded in 1972G in London, UK, Euromonitor International Ltd. provides market studies and research, and five-year forecasts on consumer lifestyles, consumer products, commercial industries, and demographic changes in KSA. It began operations in Saudi Arabia in 2008G (for more information about Euromonitor International Ltd., please visit <https://www.euromonitor.com/saudi-arabia>).

The Market Study Consultant prepared the study report independently and objectively and was keen to ensure the accuracy and completeness of said report. The research was conducted from a broad sector perspective and may not necessarily reflect the performance of individual companies in the sector.

The Directors believe that the market information and data from other sources contained in this Prospectus, including that provided by the Market Study Consultant, is reliable. However, this information and data has not been independently verified by the Company, the Directors, the Advisors, nor the Selling Shareholder, and therefore none of the aforementioned bears any liability for the accuracy or completeness of said information.

It should be noted that the Market Study Consultant does not, nor does any of its subsidiaries, affiliates, partners, shareholders, directors, or their Relatives own any Shares or any interest of any kind in the Company. As at the date of this Prospectus, the Market Study Consultant has given and not withdrawn its written consent for the use of its name, logo, market information and data supplied thereby to the Company in the manner and format set out in this Prospectus.

FINANCIAL INFORMATION

The Audited Financial Statements for the Financial Year Ended 31 December 2023G, which include restated comparative information as at 31 December 2022G, and the financial statements for the Financial Year Ended 31 December 2024G, were prepared by the Company in accordance with International Financial Reporting Standards as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants. The financial information for the Six-Month Period Ended 30 June 2025G has been extracted from the Condensed Consolidated Interim Financial Statements for the Six-Month Period Ended 30 June 2025G, prepared in accordance with IAS 34 "**Interim Financial Reporting**" as endorsed in the Kingdom of Saudi Arabia. The audited financial statements for the two Financial Years Ended 31 December 2023G and 31 December 2024G were audited in accordance with the International Standards on Auditing as endorsed in the Kingdom of Saudi Arabia by Talal Abu-Ghazaleh & Co. (Certified Public Accountants), while the statutory financial statements of the Company for the Financial Year Ended 31 December 2022G were issued in accordance with the International Financial Reporting Standard for Small and Medium-Sized Entities were prepared and audited by another auditor. As part of the transition to International Financial Reporting Standards, the Company prepared special purpose financial statements to reflect the impact of the accounting transition, with the transition entries reviewed by Talal Abu-Ghazaleh & Co. (Certified Public Accountants) within the audited financial statements for 2023G. The Condensed Consolidated Interim Financial Statements for the Six-Month Period Ended 30 June 2025G were also reviewed by Talal Abu-Ghazaleh & Co. (Certified Public Accountants). These audited and reviewed financial statements and the accompanying notes have been included in this Prospectus. The unaudited Pro Forma Financial Statements of the Company and its Material Subsidiary for the Financial Years Ended 31 December 2022G, 31 December 2023G, and 31 December 2024G were prepared by Talal Abu-Ghazaleh & Co. (Certified Public Accountants).

These financial statements are included in Section 19 ("**Financial Statements and Auditor's Reports**") of this Prospectus. The Company publishes its financial statements in Saudi Riyals.

The financial information contained in this Prospectus is subject to rounding. Accordingly, the figures shown for the same item presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them. In cases where the amounts included in this Prospectus were converted from a foreign currency into Saudi Riyal, the Saudi Riyal exchange rate against the relevant currency is the one in effect as at the date hereof. Throughout this Prospectus, Hijri dates are presented along with corresponding Gregorian dates, where relevant. The Hijri calendar is prepared on the basis of the anticipated lunar cycles. However, an actual sighting of the moon is used to determine the beginning of each month, as a result of which conversions from the Hijri to Gregorian calendars are often subject to discrepancies estimated at one day. In addition, unless otherwise expressly stated in this Prospectus, any reference to "year" or "years" means Gregorian years.

FORECASTS AND FORWARD-LOOKING STATEMENTS

Forecasts set forth in this Prospectus have been prepared on the basis of assumptions relating to the Company's business information as derived from its market experience, as well as on publicly available market information. Future operating conditions may differ from the assumptions used, and consequently no representation or warranty is made with respect to the accuracy or completeness of any of these forecasts. The Company confirms that, to the best of its knowledge, statements have been made hereunder following the required due diligence.

Certain statements in this Prospectus constitute "**forward-looking statements**". Such statements can generally be identified by their use of forward-looking words such as "plans", "estimates", "believes", "expects", "anticipates", "may", "will", "should", "expected", or the negative thereof or other variations of such terms or comparable terminology.

These forward-looking statements reflect the current views of the Company with respect to future events but are not a guarantee of future performance, whereby many factors could cause the actual results, performance or achievements of the Company to be significantly different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Some of the risks and factors that could have such an effect are described in more detail in other sections of this Prospectus (for further details, please refer to Section 2 ("**Risk Factors**") of this Prospectus). Should any of these risks or uncertainties materialize or any underlying assumptions prove to be incorrect or inaccurate, the Company's actual results may vary materially from those described in this Prospectus as anticipated, believed, estimated, or planned.

Under the OSCOs' requirements, the Company must submit a supplementary Prospectus to the CMA if, at any time after the publication of this Prospectus, and before the end of the Offering, the Company becomes aware that:

- a- there has been a significant change in any material information contained in this Prospectus or any document required under the OSCOs; or
- b- significant additional issues have arisen whose inclusion in this Prospectus is necessary.

With the exception of these two cases, the Company does not intend to update or change any sector or market information or the forward-looking-statements included in this Prospectus, whether as a result of new information, future events or otherwise. As a result of the foregoing and other risks, assumptions and contingencies, the forward-looking events and circumstances discussed in this Prospectus might not occur in the way the Company expects, or at all. Therefore, prospective investors should consider all forward-looking statements in light of these explanations and should not place undue reliance on forward-looking statements.

DEFINITIONS AND ABBREVIATIONS

For further details on the terms and expressions used in this Prospectus, please refer to Section 1 ("**Definitions and Abbreviations**") of this Prospectus.



CORPORATE DIRECTORY

Table (1.1): Members of the Company's Board of Directors

No.	Name	Position	Nationality	Status	Appointment Date	Direct Ownership		Indirect Ownership	
						Pre-Offering	Post-Offering	Pre-Offering	Post-Offering
1	Dr. Abdullah Suleiman Muhammad AlJuraish	Chairman	Saudi	Independent	02/09/1446H (corresponding to 02/03/2025G)	N/A	N/A	N/A	N/A
2	Awaadh Awadh Eid AlOtaibi	Vice Chairman	Saudi	Independent	02/09/1446H (corresponding to 02/03/2025G)	N/A	N/A	N/A	N/A
3	Abdullah Ibrahim Abdullah Bin Salamah*	Board Member	Saudi	Non-Executive	02/09/1446H (corresponding to 02/03/2025G)	N/A	N/A	15.87%	10.66%
4	Abdulaziz Ibrahim Abdullah Bin Salamah**	Managing Director	Saudi	Executive	02/09/1446H (corresponding to 02/03/2025G)	N/A	N/A	15.87%	10.66%
5	Abdullah Abdulaziz Nasser AlZunaidi	Board Member	Saudi	Independent	02/09/1446H (corresponding to 02/03/2025G)	N/A	N/A	N/A	N/A

Source: the Company

* Mr. Abdullah Ibrahim Abdullah Bin Salamah has an indirect ownership of 15.87% prior to the Offering, as a result of a direct ownership of 16.5% in Dar AlBalad Commercial Company, which in turn owns 96% of the Issuer's Shares pre-Offering.

** Mr. Abdulaziz Ibrahim Abdullah Bin Salamah has an indirect ownership of 15.87% prior to the Offering, as a result of a direct ownership of 16.5% in Dar AlBalad Commercial Company, which in turn owns 96% of the Issuer's Shares pre-Offering.

The current Secretary of the Company's Board of Directors is Ali Abdelghafar Ali Emara, who does not hold any Shares in the Company, and was appointed to this position pursuant to a Board Resolution dated 02/09/1446H (corresponding to 02/03/2025G). For an overview of the biography of the Board Secretary, please refer to Section 5.1.4 ("Biographies of the Members and Secretary of the Board") of this Prospectus.

Company Address and Representatives and the Board Secretary

Dar AlBalad for Business Solutions Company

Al Olaya - Wadi Al Artawi
Riyadh - Kingdom of Saudi Arabia
Zip Code: 12212
P.O. Box 3168
Tel: +966 114643879
Fax: +966 114640941
Website: www.addar-bs.com
Email: info@addar-bs.com



Company's Representatives

Name: Abdulaziz bin Ibrahim Abdullah Bin Salamah

Position: Managing Director
Address:
Al Olaya - Wadi Al Artawi
Riyadh - Kingdom of Saudi Arabia
Zip Code: 12212
Tel: +966 (11) 4643879
Website: www.addar-bs.com
Email: abdulaziz@addar-bs.com

Name: Mohammed bin Abdullah bin Mahmoud Dakhkhni

Position: GM of Shared Services
Address:
Al Olaya - Wadi Al Artawi
Riyadh - Kingdom of Saudi Arabia
Zip Code: 12212
Tel: +966 (11) 4643879
Website: www.addar-bs.com
Email: mohammedd@addar-bs.com

Secretary of the Board

Name: Ali bin Abdelghafar bin Ali Emara

Position: Chief Financial Officer
Address:
Al Olaya - Wadi Al Artawi
Riyadh - Kingdom of Saudi Arabia
Zip Code: 12212
Tel: +966 (11) 4643879
Website: www.addar-bs.com
Email: ali.emara@addar-bs.com

Stock Exchange

Saudi Exchange Company

King Fahd Road - Olaya 6897
Unit No. 15
P.O. Box 3388
Riyadh 12211
Kingdom of Saudi Arabia
Tel: +966 92 000 1919
Fax: +966 11 218 9133
Website: www.saudiexchange.sa
Email: csc@saudiexchange.sa



Securities Depository Center Company (Edaa)

King Fahd Road - Olaya 6897
Unit No. 11
P.O. Box 3388
Riyadh 12211
Kingdom of Saudi Arabia
Tel: +966 92 0026000
Fax: +966 11 218 9133
Website: www.edaa.sa
Email: cc@edaa.com.sa



من مجموعة تداول السعودية
From Saudi Tadawul Group



Financial Advisor, Lead Manager and Underwriter

AlJazira Capital

King Fahad Branch Road, Al Rahmانيyah
P.O. Box 20438 Riyadh 11455
Kingdom of Saudi Arabia
Tel: +966 (11) 225 6000
Fax: +966 (11) 225 6182
Website: www.aljaziracapital.com.sa
Email: IPO@aljaziracapital.com.sa



Legal Advisor to the Issuer

Baker McKenzie Law Firm

Laysen Valley, Tower 9, Level 2
King Fahad Rd, Umm Al Hamam Al Gharbi
P.O. Box 69103
Riyadh 11547
Kingdom of Saudi Arabia
Tel: +966 11 265 8900
Fax: + 966 11 265 8999
Website: www.bakermckenzie.com
Email: legaladvisors@bakermckenzie.com



Joint Bookrunners

AlJazira Capital

King Fahad Branch Road, Al Rahmانيyah
P.O. Box 20438 Riyadh 11455
Kingdom of Saudi Arabia
Tel: +966 (11) 225 6000
Fax: +966 (11) 225 6182
Website: www.aljaziracapital.com.sa
Email: IPO@aljaziracapital.com.sa



Emirates NBD Capital KSA

Signature Center, 2nd Floor
Prince Turki Bin Abdulaziz Al Awwal Road,
Hittin District, P.O. Box 341777
Riyadh 11333
Kingdom of Saudi Arabia
Tel: +966 (11) 299 3900
Fax: +966 (11) 299 3955
Website: www.EmiratesNBD.com
Email: ProjectBasmahIPO@EmiratesNBD.com



Financial Due Diligence Advisor

Ernst & Young Professional Services (Professional LLC)

Financial Boulevard 3126, Al Aqeeq District 6717,
Riyadh 13519
KAFD Building 1.11-B, 8th Floor, South Tower,
P.O. Box 2732
Riyadh 11461
Kingdom of Saudi Arabia
Tel: +966 11 215 9898
Fax: +966 11 273 4730
Website: ey.com/mena
Email: ey.com/parthenon



Market Study Consultant

Euromonitor International Limited Company

60-61 Britton Street
London EC1M 5UX
United Kingdom
Tel: +44 20 7251 8024
Fax: +44 20 7608 3149
Website: www.euromonitor.com
Email: info@Euromonitor.com



Auditor for the Issuer for the Financial Years Ended 31 December 2022G¹, 2023G, 2024G, and the Six-Month Period Ended 30 June 2025G

Talal Abu-Ghazaleh & Co. (Certified Public Accountants)

Al Olaya District, Al Olaya Street
Riyadh, Saudi Arabia
Zip Code: 11423
P.O. Box 9767
Phone: +966 (11) 4642936
Fax: +966 (11) 4659915
Website: www.tagi.sa
Email: tagco.riyadh@tagi.com



Note: All the above-mentioned Advisors and Independent Auditors have provided, and not withdrawn, their written consent, as at the date of this Prospectus, to the publication of their names, logos, statements and reports (as required) attributed to them in the context in which they appear in this Prospectus. Moreover, they do not themselves nor does any of their employees working with the team on providing services to the Company, nor any of their Relatives have any shareholding or interest of any kind in the Company as at the date of this Prospectus, which may affect their independence.

1 The entries of the transition from the IFRS for SMEs Accounting Standard to the International Financial Reporting Standards as endorsed in the Kingdom of Saudi Arabia were reviewed by Talal Abu-Ghazaleh & Co. (Certified Public Accountants) for the Financial Year Ended 31 December 2022G.

Receiving Entities

AlJazira Capital

King Fahad Branch Road, Al Rahmaniyah
P.O. Box 20438 Riyadh 11455
Kingdom of Saudi Arabia
Tel: +966 (11) 225 6000
Fax: +966 (11) 225 6182
Email: contactus@aljaziracapital.com.sa
Website: www.aljaziracapital.com.sa



Alawwal Invest Company (SAB Invest)

General Olaya Street
P.O. Box 1467 Riyadh 11431
Saudi Arabia
Tel: 8001242442
Fax: +966 (12) 216 9102
Email: customercare@sabinvest.com
Website: www.sabinvest.com



Al Rajhi Capital

Head Office, King Fahd Road, Al Murooj District
P.O. Box 5561
Riyadh 11432
Kingdom of Saudi Arabia
Tel: +966 92 000 5856
Fax: +966 (11) 460 0625
Email: investmentbankingteam@alrajhi-capital.com
Website: www.alrajhi-capital.com



BSF Capital

King Fahad Road 8092
4th Floor, Legend Tower
P.O. Box 23454 Riyadh 12313-3735
Kingdom of Saudi Arabia
Tel: +966 (11) 282 6666
Fax: +966 (11) 282 6723
Email: sfc-supportcenter@bsfcapital.sa
Website: www.bsfcapital.sa



Alinma Capital

Al Anoud Tower 2, King Fahad Road
Kingdom of Saudi Arabia
P.O. Box 55560 Riyadh 11544
Tel: +966 (11) 218 5999
Fax: +966 (11) 218 5970
Email: Info@alinmacapital.com
Website: www.alinmacapital.com



Riyad Capital

2414 - Al Shuhada District, Unit No. 69
P.O. Box 13241 Riyadh 7279
Kingdom of Saudi Arabia
Tel: +966 (11) 486 5649
Fax: +966 (11) 486 5908
Email: ask@riyadcapital.com
Website: www.riyadcapital.com



Alistithmar for Financial Securities and Brokerage

King Fahad Branch Road
P.O. Box 6888 Riyadh 11452
Kingdom of Saudi Arabia
Tel: +966 (11) 254 7666
Fax: +966 (11) 489 6253
Email: WebEcare@icap.com.sa
Website: www.icap.com.sa

**AlBilad Investment Company**

King Fahad Road, Al Olaya, Riyadh – 12313 – 3701
Kingdom of Saudi Arabia
Tel: 800116002
Fax: +966 (11) 2906299
Email: investmentbanking@albilad-capital.com
Website: www.albilad-capital.com

**ANB Capital**

King Faisal Street
ANB Capital Building
P.O. Box 220009 Riyadh 11311
Kingdom of Saudi Arabia
Tel: +966 (11) 406 2500
Fax: +966 (11) 406 2548
Email: Investment.Banking@anbcapital.com.sa
Website: www.anbcapital.com.sa

**SNB Capital**

King Saud Street, Al-Murabba District - Building No. 7347
P.O. Box 2575, Riyadh 12624
Kingdom of Saudi Arabia
Tel: +966 920000232
International Call Center: +966 (11) 406 0052
Email: IPOService@alahlicapital.com
Website: www.alahlicapital.com

**Derayah Financial**

Riyadh - Al-Takhassusi Street - Prestige Center - Third Floor
Kingdom of Saudi Arabia
Tel: +966 (11) 299 8000
Fax: +966 (11) 419 5498
Email: support@derayah.com
Website: www.derayah.com

**Yaqeen Capital**

ANB Capital Building
Al Worood District - Al Olaya Road - Riyadh
P.O. Box 884 Riyadh 11421
Kingdom of Saudi Arabia
Tel: +966 800 429 8888
Fax: +966 (11) 205 4827
Email: addingvalue@yaqeen.sa
Website: www.yaqeen.sa



Alkhabeer Capital

Madinah Road, Jeddah
 P.O. Box 128289 Jeddah 21362
 Kingdom of Saudi Arabia
 Tel: +966 (12) 612 9345
 Fax: +966 (12) 685 6663
 Email: info@alkhabeer.com
 Website: www.alkhabeer.com

الخبير المالية
 Alkhabeer Capital

**Sahm Capital**

King Abdullah Financial District - Tower 305
 Riyadh 13519
 Kingdom of Saudi Arabia
 Tel: +966 (11) 414 5260
 Email: info@sahmcapital.com
 Website: www.sahmcapital.com

Sahm

**GIB Capital**

Building B1, Granada Business &
 Residential Park, Eastern Ring Road
 P.O. Box 89589, Riyadh 11692
 Kingdom of Saudi Arabia
 Tel: +966 800 124 0121
 Fax: +966 11 834 834 8400
 Email: customercare@gibcapital.com
 Website: www.gibcapital.com

جي آي بي كابيتال
 CAPITAL

**Musharaka Capital**

Al Khobar – Prince Turki Bin Abdulaziz Street – Adeer Tower –
 13th Floor
 P.O. Box 712, Al Khobar 31952, Kingdom of Saudi Arabia
 Tel: +966 920006811
 Fax: +966 13 881 8412
 Email: receiving-entity@musharaka.sa
 Website: www.musharaka.sa

مشاركة
 Musharaka

**EFG Hermes Saudi Arabia**

3rd Floor, North Tower, Sky Towers
 King Fahd Road, Olaya, Riyadh
 P.O. Box 300189, Riyadh 11372
 Kingdom of Saudi Arabia
 Tel: +966 (11) 2938048
 Fax: +966 (11) 2938032
 Email: ksareipo@efg-hermes.com
 Website: www.efghermesksa.com

EFG Hermes
 An EFG Holding Company

**Awaed Capital**

Al Urubah Road, 2163, Al Mathar Al Shamali District 12334
 Office Houses, Riyadh
 Kingdom of Saudi Arabia
 Tel: 8001111870
 Email: ipo_awaed@awaed.co
 Website: www.awaed.capital

awaed

**Dinar Investment**

4539 Northern Ring Branch, 6880 Al Wadi District
 Riyadh 13313
 Kingdom of Saudi Arabia
 Tel: 920006151
 Website: www.dinar.sa
 Email: DTC@dinar.sa

دينار
 Dinar



SUMMARY OF THE OFFERING

This Offering Summary is intended to provide a brief overview of the information related to Offering and contained in this Prospectus. As such, it does not contain all of the information that may be important to prospective investors. Therefore, this summary should be read as an introduction to this Prospectus, and those wishing to subscribe to the Offer Shares should carefully consider the Important Notice on page (i) and Section 2 ("**Risk Factors**"), as well as all information set forth herein prior to making any subscription decision in the Offer Shares and said decision should not be solely based on this summary. In particular, it is important to review and carefully consider the ("**Important Notice**") on page (i) and Section 2 ("**Risk Factors**"), prior to making any investment decision in the Offer Shares.

Company Name, Description and Incorporation

Dar AlBalad for Business Solutions Company (hereinafter referred to as the "**Issuer**" or the "**Company**") is a Saudi closed joint-stock company established under Unified Commercial Register No. 7002303746 dated 17/05/1422H (corresponding to 07/08/2001G) issued in Riyadh, Kingdom of Saudi Arabia. As listed in the Commercial Register, the Head Office of the Company is located in Building no. 7768 Wadi Al Artawi, Al Olaya District, P.O. Box 3168, Riyadh, 12212, Kingdom of Saudi Arabia. The current share capital of the Company is seventy million Saudi Riyals (SAR 70,000,000), fully paid up and divided into seventy million (70,000,000) Ordinary Shares with a fully paid-up nominal value of one Saudi Riyal (SAR 1) per share (the "**Share(s)**").

The Company was established by Mr. Ibrahim Abdullah Abdulaziz Bin Salamah as a single person establishment in Riyadh under the name Dar AlBalad for Information and Technology with Unified Commercial Register No. 7002303746 dated 17/05/1422H (corresponding to 07/08/2001G) with a capital of twenty five thousand Saudi Riyals (SAR 25,000).

On 16/10/1441H (corresponding to 08/06/2020G), the Company was converted from a single person company into a limited liability company under the name of Dar AlBalad for Maintenance and Operation with a capital of one million Saudi Riyals (SAR 1,000,000), divided into one hundred thousand (100,000) shares of equal value of ten Saudi Riyals (SAR 10) per share, by transferring an amount of nine hundred and seventy-five thousand Saudi Riyals (SAR 975,000) from the retained earnings account to the capital, and Mr. Ibrahim Abdullah Abdulaziz Bin Salamah assigned his entire ownership in the establishment to Dar AlBalad Commercial Company, without compensation.

On 22/11/1445H (corresponding to 30/05/2024G), the Company's name was changed from Dar AlBalad for Maintenance and Operation Company to Dar AlBalad for Business Solutions Company.

On 11/06/1446H (corresponding to 12/12/2024G), the nominal value of the Company's Share was decreased from ten Saudi Riyals (SAR 10) to one Saudi Riyal (SAR 1), and the Company's capital was increased from one million Saudi Riyals (SAR 1,000,000) divided into one hundred thousand (100,000) shares of equal value of ten Saudi Riyals (SAR 10) per share, to fifty million Saudi Riyals (SAR 50,000,000) divided into fifty million (50,000,000) shares of equal value of one Saudi Riyal (SAR 1) per share, wholly owned by Dar AlBalad Commercial Company, by transferring an amount of forty-nine million Saudi Riyals (SAR 49,000,000) from the retained earnings account to its capital.

On 01/07/1446H (corresponding to 01/01/2025G), the Company entered into an agreement with Dar AlBalad Commercial Company and GSC Solutions (formerly Global Specialty Chemicals Company), whereby the Company acquired the entire share capital of GSC Solutions, a limited liability company with a share capital of SAR 500,000 divided into 500,000 shares with a nominal value of SAR 1 each. It is registered under Unified Commercial Registration No. 7001690887 dated 08/08/1432H (corresponding to 09/07/2011G), with its head office located in Riyadh. The Company acquired the entire share capital of GSC Solutions, including all its rights and obligations. Prior to this acquisition, the Subsidiary was directly owned by Dar AlBalad Commercial Company, which is the parent company of both the Company and its Subsidiary. The acquisition was carried out at a book value of SAR 21,839,626 as at 31 December 2024G, without any change in ultimate control. The Company recorded such value as additional share capital. All statutory and legal procedures related to the transfer of ownership and the updating of the commercial registrations were completed on 13/07/1446H (corresponding to 13/01/2025G). On 10/04/1447H (corresponding to 02/10/2025G), the Subsidiary name was changed from "**Global Specialty Chemicals Company**" to "**GSC Solutions**".

On 13/08/1446H (corresponding to 12/02/2025G), the Company's capital was increased from fifty million Saudi Riyals (SAR 50,000,000) to seventy million Saudi Riyals (SAR 70,000,000) divided into seventy million (70,000,000) shares of equal value of one Saudi Riyal (SAR 1) per share, wholly owned by Dar AlBalad Commercial Company, by transferring an amount of ten million Saudi Riyals (SAR 10,000,000) from the additional capital contributions account and an amount of ten million Saudi Riyals (SAR 10,000,000) from the retained earnings account to the capital.

On 21/08/1446H (corresponding to 20/02/2025G), Dar AlBalad Commercial Company assigned, in exchange for an agreed cash consideration (of five million sixty thousand five hundred and twelve Saudi Riyals (SAR 5,060,512)), part of its shares in the Company amounting to one million and four hundred thousand (1,400,000) to Najm for Commercial Investment Company, and one million and four hundred thousand (1,400,000) of its shares in the Company to Najm AlOlaya Commercial Company. The assigned shares were transferred at the book value of the Company's equity as at 01/07/1446H (corresponding to 01/01/2025G).

On 02/09/1446H (corresponding to 02/03/2025G), the Company was converted from a limited liability company to a closed joint-stock company with an issued fully paid capital of seventy million Saudi Riyals (SAR 70,000,000) divided into seventy million (70,000,000) Ordinary Shares with a nominal value of one Saudi Riyal (SAR 1) per share. The Company was also registered in the Commercial Register as a closed joint-stock company.

As at the date of this Prospectus, the Company's current share capital is seventy million Saudi Riyals (SAR 70,000,000), fully paid and divided into seventy million (70,000,000) Ordinary Shares of equal value of one Saudi Riyal (SAR 1) per share.

(For further information, please refer to Section 4.6 ("**Overview of the Company and Evolution of its Capital**") of this Prospectus).

Company's Activities

The Company's current main activity is providing IT services, technical support, and maintenance. As stated in its Bylaws, the Company's activities consist of carrying out and implementing the following objectives:

- 1- Computer programming activities
- 2- Computer consultancy and computer facilities management activities
- 3- Data processing, hosting and related activities; web portals
- 4- Activities of holding companies, i.e. assets (owning controlling-levels of equity) of a group of subsidiary corporations and whose principal activity is owning the group

5- Management consultancy activities

6- Temporary employment agency activities

7- Combined facilities support activities

8- Organization of conventions and trade shows

9- Repair of computers and peripheral equipment

As stated in the Company's and its Branches' Commercial Registers, their activities consist of carrying out and implementing the following objectives:

1- Analysis of systems

2- Designing and programming special software

3- Virtual Reality technologies

4- Artificial Intelligence Technologies

5- Provision of network management and monitoring services

6- Big Data Technologies and Data Science

7- Providing call center services

8- Building and operating a geospatial platform/portal

9- Management of Holding Companies subsidiaries

10- Possessing real estate and movables required for Holding Companies

11- Providing services Senior Management Consulting

12- Temporary employment agency activities for Saudis

13- Provision of maintenance services within facilities

14- Operation of exhibition and conference centers and facilities

15- Repair and maintenance of personal computers and laptops (of all types)

16- Repair and maintenance of magnetic disk drives, flash drives, optical disk drives and other storage devices

As at the date of this Prospectus, the Company's actual activities consist of providing managed IT services, IT Consulting Services, and managed business services, in addition to developing smart Internet of Things solutions for the financial and governmental sectors (for more information, please refer to Section 4.1 ("**Overview of the Company and Its Business Activities**") of this Prospectus).

**Subsidiary's
Activities**

As at the date of this Prospectus, the Company owns a material Subsidiary, GSC Solutions (formerly Global Specialty Chemicals Company), a limited liability company with a share capital of SAR 500,000 divided into 500,000 shares with a nominal value of SAR 1 each. It is registered under the Unified Commercial Registration No. 7001690887 dated 08/08/1432H (corresponding to 09/07/2011G), with its head office located in Riyadh.

The current principal activity of the Subsidiary is to provide industrial solutions. The Subsidiary's activities, in accordance with its Bylaws, include carrying out and implementing the following purposes:

- 1- Repair of electrical equipment.
- 2- Installation of industrial machinery and equipment.
- 3- Electrical installations.
- 4- Wholesale of waste, scrap, and other products not classified elsewhere.
- 5- Retail sale of other new goods in specialized stores.
- 6- Management consultancy activities.
- 7- Employment agency activities.
- 8- Temporary employment agency activities.
- 9- Provision of other human resources.

The Subsidiary's activities also include, in accordance with the Subsidiary's commercial registration and that of its branches, carrying out and implementing the following purposes:

- 1- Manufacture of chemical elements.
- 2- Repair of electrical equipment.
- 3- Repair and maintenance of booster and control stations.
- 4- Repair, maintenance, and storage of primary batteries and storage batteries.
- 5- Installation of industrial equipment in industrial facilities.
- 6- Installation of process control equipment in industrial facilities.
- 7- Installation of machinery and equipment fittings.
- 8- Operation of used oil treatment facilities.
- 9- Sales agency in raw textile materials.
- 10- Sales agency in crude fuel, metals, and industrial chemicals, including fertilizers.
- 11- Wholesale of lubricants and refined petroleum products.
- 12- Wholesale of chemicals.
- 13- Wholesale and supply of chemical and natural materials used in pollution control.
- 14- Wholesale of chemicals used in educational laboratories.
- 15- Wholesale of soap and detergents.
- 16- Retail sale of cleaning materials.
- 17- Sale and installation of machinery and factory equipment.
- 18- Warehousing of chemicals.
- 19- Purchase, sale, subdivision, and off-plan sale of land and real estate.
- 20- Provision of senior management consulting services.

As at the date of this Prospectus, the Subsidiary's actual activities consist of providing specialized industrial solutions, which include industrial chemical impurity removal services, Industrial Maintenance Services involving the inspection, supply, and supervision of specialized industrial products, and industrial supply services that include the supply of specialized chemicals (for more information, please refer to Section 4.1 ("**Overview of the Company and Its Business Activities**") of this Prospectus).

Substantial Shareholders, Number of Shares and Shareholding held thereby Pre- and Post-Offering	The following table sets out the names as well as pre-Offering and post-Offering ownership percentage of the Substantial Shareholders (holding 5% or more of the Company's shares).						
	Table (1.2): Direct Substantial Shareholder and Ownership Percentage Thereof Pre- and Post-Offering						
	Shareholder Name	Pre-Offering			Post-Offering		
		No. of Shares	Direct Ownership	Par Value (SAR)	No. of Shares	Direct Ownership	Par Value (SAR)
	Dar AlBalad Commercial Company	67,200,000	96%	67,200,000	45,150,000	64.5%	45,150,000
	Source: the Company						
	For more information about the Indirect Substantial Shareholders and indirect ownership percentage thereof pre- and post-Offering, please refer to Section 4.7.4 (" Indirect Substantial Shareholders and Ownership Percentage Thereof in the Company ") of this Prospectus.						
Company's Capital (as at the date of this Prospectus)	Seventy million Saudi Riyals (SAR 70,000,000), fully paid and divided into seventy million (70,000,000) Ordinary Shares of equal value of one Saudi Riyal (SAR 1) per share.						
Total Number of Issued Shares (as at the date of this Prospectus)	Seventy million (70,000,000) Ordinary Shares.						
Offering	Offering of twenty-one million (21,000,000) Ordinary Shares, representing 30% of the Company's capital, at an Offer Price of nine Saudi Riyals and seventy-five Halalas (SAR 9.75) per Share with a fully paid-up nominal value of one Saudi Riyal (SAR 1) per share.						
Total Number of Offer Shares	Twenty-one million (21,000,000) fully paid-up Ordinary Shares.						
Nominal Value per Share	One Saudi Riyal (SAR 1).						
Percentage of Offer Shares to the Company's Share Capital	The Offer Shares represent 30% of the Company's total Shares.						
Treasury Shares	One million and fifty thousand (1,050,000) Shares (representing 1.5% of the Company's share capital) will be transferred by Dar AlBalad Commercial Company to the Company, which will be allocated by the Company - simultaneously with the Offering - as Treasury Shares for the purpose of the Employee Share Scheme, to be retained as Treasury Shares until the ownership thereof is transferred to the employees in accordance with the provisions of the Employee Share Scheme. For more information, please refer to Section 5.8 (" Employee Share Scheme ") of this Prospectus.						
Offer Price	Nine Saudi Riyals and seventy-five Halalas (SAR 9.75) per Share.						
Total value of Offer Shares	Two hundred four million seven hundred fifty thousand Saudi Riyals (SAR 204,750,000).						
Use of Offering Proceeds	The Net Offering Proceeds amounting to approximately one hundred eighty-six million seven hundred fifty thousand (186,750,000) Saudi Riyals (after deducting the Offering expenses estimated at eighteen million (SAR 18,000,000) Saudi Riyals will be distributed to the Selling Shareholder. The Company will not receive any part of the Offering Proceeds (for further details, please refer to Section 8 (" Use of Proceeds ")).						
Number of Shares Underwritten	Twenty-one million (21,000,000) Ordinary Shares.						
Total Underwritten Offering Amount	Two hundred four million seven hundred fifty thousand Saudi Riyals (SAR 204,750,000).						

Categories of Targeted Investors	Subscription to the Offer Shares shall be restricted to the two following groups of investors: Tranche (A): Participating Parties: This tranche comprises the parties eligible to participate in the Book-Building process in accordance with the Instructions on Book-Building and Allocation of Shares in Initial Public Offerings, as issued by the Capital Market Authority (hereinafter referred to as the “CMA”) (the Instructions shall hereinafter be referred to as the “Book-Building Instructions”), (said parties shall be collectively referred to as the “Participating Parties” and each as a “Participating Party”) (For further details, please refer to Section 1 (“Definitions and Abbreviations”) of this Prospectus). The number of Offer Shares to be initially allocated to Participating Parties is twenty-one million (21,000,000) Ordinary Offer Shares, representing one hundred percent (100%) of the total Offer Shares. Final allocation of the Offer Shares to the Participating Parties will be made following subscription by Individual Subscribers. In the event there is sufficient demand by Individual Subscribers (as defined under Tranche (B) below), the Financial Advisor shall have the right to reduce the number of Offer Shares allocated to Participating Parties to a minimum of fourteen million seven hundred thousand (14,700,000) Ordinary Shares, representing seventy percent (70%) of the total Offer Shares. The Financial Advisor, in coordination with the Company, shall determine the number and percentage of Offer Shares to be allocated to Participating Parties. Tranche (B): Individual Subscribers: This tranche includes Saudi Arabian nationals, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi person who can subscribe in her own name or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor children; and non-Saudi natural persons either residing or not residing in the Kingdom who have an investment account and an active portfolio with one of the Receiving Entities or have the right to open an investment account with a Capital Market Institution (collectively, the “Individual Subscribers”, and each an “Individual Subscriber”). Subscription by a person in the name of his divorcee shall be deemed invalid. If a transaction of this nature is proved to have occurred, the applicable regulations shall be enforced against such person. If a duplicate subscription is made, the second subscription will be deemed void, and only the first subscription will be accepted. A maximum of six million three hundred thousand (6,300,000) Ordinary Shares, representing thirty percent (30%) of the Offer Shares, shall be allocated to Individual Subscribers. In the event that the Individual Subscribers do not subscribe in full for the Offer Shares allocated to them, the Financial Advisor may reduce the number of Offer Shares allocated to Individual Subscribers in proportion to the number of Offer Shares subscribed for thereby.
Total Offer Shares Available for each Targeted Investor Category	
Number of Shares Offered to Participating Parties	Twenty-one million (21,000,000) Ordinary Offer Shares, representing one hundred percent (100%) of the total Offer Shares. In the event there is sufficient demand by Individual Subscribers, the Financial Advisor, in coordination with the Company, shall have the right to reduce the number of Offer Shares allocated to Participating Parties to a minimum of fourteen million seven hundred thousand (14,700,000) Ordinary Shares, representing seventy percent (70%) of the total Offer Shares.
Number of Shares Offered to Individual Subscribers	Six million three hundred thousand (6,300,000) Ordinary Shares, representing thirty percent (30%) of the Offer Shares. In the event that the Individual Subscribers do not subscribe in full for the Offer Shares allocated to them, the Financial Advisor may reduce the number of Offer Shares allocated to Individual Subscribers in proportion to the number of Offer Shares subscribed for thereby.
Subscription Method for each Targeted Investor Category	
Subscription Method for Participating Parties	Participating Parties are entitled to apply for subscription, and the Joint Bookrunners will provide Subscription Forms to the Participating Party investors during the Book-Building Period. After the initial allocation, the Joint Bookrunners will provide Participating Parties with Subscription Forms, which they must fill out in accordance with the instructions described in Section 17 (“Subscription Terms and Conditions”) of this Prospectus.
Subscription Method for Individual Subscribers	Individual Subscribers wishing to subscribe to the Offer Shares must submit their Subscription Forms electronically through the websites and platforms of the Receiving Entities that provide this service to subscribers, or through any other means provided by the Receiving Entities through which the Individual Investors will be able to subscribe to the Company's Shares during the Offering Period, provided that: (a) the Individual Subscriber must have an investment account and an active portfolio with a Receiving Entity providing these services, or have the right to open an investment account with a Capital Market Institution; and (b) there have been no changes in the personal information or data of the Individual Subscriber (by deleting or adding a family member) since their subscription in a recent IPO. All Individual Subscribers shall comply with the above conditions. Subscription will be deemed void if any of the above conditions are not met, including failure to hold an active share portfolio with a Capital Market Institution affiliated with the Receiving Entity through which the Subscription is made. In this case, the Subscription Application will be rejected and the amounts paid in relation thereto will be refunded. (for further details please refer to Section 17 (“Subscription Terms and Conditions”).

Minimum Number of Offer Shares to be Applied for by each Category of Targeted Investors	
Minimum Number of Offer Shares to be Applied for by Participating Parties	One hundred thousand (100,000) Shares.
Minimum Number of Offer Shares to be Applied for by Individual Subscribers	Ten (10) Shares.
Minimum Subscription Amount by each Category of Targeted Investors	
Minimum Subscription Amount for Participating Parties	Nine hundred seventy-five thousand Saudi Riyals (SAR 975,000).
Minimum Subscription Amount for Individual Subscribers	Ninety-seven Saudi Riyals and Fifty Halalas (SAR 97.50).
Maximum Number of Shares to be Applied for by Participating Parties	
Maximum Number of Shares to be Applied for by Participating Parties	Three million four hundred and ninety-nine thousand nine hundred and ninety-nine (3,499,999) Shares.
Maximum Number of Shares to be Applied for by Individual Subscribers	One hundred thousand (100,000) Shares.
Maximum Subscription Amount by each Category of Targeted Investors	
Maximum Subscription Amount for Participating Parties	Thirty-four million one hundred twenty-four thousand nine hundred ninety Saudi Riyals and twenty-five Halalas (SAR 34,124,990.25).
Maximum Subscription Amount for Individual Subscribers	Nine hundred seventy-five thousand (975,000) Saudi Riyals.
Allocation and Refund Method for each Category of Targeted Investors	
Allocation of Offer Shares to Participating Parties	The number of Offer Shares to be initially allocated to Participating Parties is twenty-one million (21,000,000) Ordinary Offer Shares, representing one hundred percent (100%) of the total Offer Shares. Final allocation of the Offer Shares to the Participating Parties will be made following subscription by Individual Subscribers. In the event there is sufficient demand by Individual Subscribers, the Financial Advisor, in coordination with the Company, shall have the right to reduce the number of Offer Shares allocated to Participating Parties to a minimum of fourteen million seven hundred thousand (14,700,000) Ordinary Shares, representing seventy percent (70%) of the total Offer Shares. The Financial Advisor, in coordination with the Company, shall determine the number and percentage of Offer Shares to be allocated to Participating Parties, using the discretionary share allocation mechanism. Therefore, no Offer Shares may be allocated to some Participating Parties. Initially, six million three hundred thousand (6,300,000) Ordinary Shares (representing thirty (30%) of the total Offer Shares) will be allocated to public funds if there is a sufficient demand by public funds; noting that in the event there is sufficient demand by Individual Subscribers, the Financial Advisor shall have the right to reduce the number of Offer Shares allocated to public funds to a minimum of four million four hundred and ten thousands (4,410,000) Ordinary Shares, representing twenty one (21%) of the total Offer Shares, after completion of the Individual Subscribers Subscription.

Allocation of Offer Shares to Individual Subscribers	The allocation of the Offer Shares for Individual Subscribers is projected to be completed no later than 01/12/1447H (corresponding to 18/05/2026G), with the minimum allocation per Individual Subscriber amounting to ten (10) Shares, and the maximum allocation per Individual Subscriber amounting to one hundred thousand (100,000) Shares. The remaining Offer Shares, if any, shall be allocated on a pro-rata basis based on the number of Offer Shares applied for by each Individual Subscriber to the total number of subscribed for Shares. In the event that the number of Individual Subscribers exceeds six hundred and thirty thousand (630,000) Subscribers, the Company will not guarantee the minimum allocation of Offer Shares, and the allocation will be made as determined by the Financial Advisor, in coordination with the Company.
Refund of Excess Subscription Monies	Surplus subscription amounts (if any) will be refunded to Individual Subscribers without any charge or withholding by the Receiving Entities, as stated in the Subscription Form designated for Individual Subscribers. Announcement of the final allocation and refund of subscription monies will be made at the latest by Thursday, 04/12/1447H (corresponding to 21/05/2026G) (for further details, please see "Key Dates and Subscription Procedures" on page (xx) of this Prospectus).
Offering Period	The Offering Period will commence on Sunday, 23/11/1447H (corresponding to 10/05/2026G) and will remain open for a period of five (5) days up to and including Thursday, 27/11/1447H (corresponding to 14/05/2026G) (for further details, please see "Key Dates and Subscription Procedures" on page xx).
Distribution of Dividends	The Offer Shares will entitle their holders to receive any dividends declared and paid by the Company as of the date of this Prospectus and for subsequent financial years (for further details, please refer to Section 7 ("Dividend Distribution Policy") of this Prospectus).
Voting Rights	The Company has only one class of Ordinary Shares, which do not carry any preferential voting rights. Each Share grants its holder the right to one vote, and each Shareholder has the right to attend and vote in the Company's General Assembly meetings. A Shareholder may authorize another Shareholder that is not a member of the Board of Directors, to attend General Assembly meetings on their behalf (for further details, please refer to Section 12.15 ("Rights of Shareholders") of this Prospectus).
Share Restrictions (Lock-Up Period)	The Substantial Shareholder is subject to a Lock-Up Period of six (6) months starting from the commencement of trading of the Company's Shares on the Exchange, during which the Substantial Shareholder, whose name appear on page (xv) of this Prospectus, is prohibited from disposing of its shares. Following the Lock-Up Period, the Substantial Shareholder may dispose of its shares. In addition, the Company may not list shares of the same class of the Offer Shares for a period of six (6) months from the date of commencement of trading the Shares on the Exchange. Shares shall also be subject to the general restrictions applied to listed shares in the Kingdom.
Listing and Trading of Shares	Prior to the Offering, the Company's Shares have never been listed or traded in any stock market either in the Kingdom of Saudi Arabia or elsewhere. Applications have been submitted by the Company to CMA for the registration and offering of the Shares in accordance with the OSCOs, and the Exchange for the Listing of the Shares in accordance with the Listing Rules. All relevant approvals to conduct the Offering have been granted, all CMA and Tadawul required documents submitted, and all requirements have been satisfied, including those pertaining to Listing the Company on the Exchange, with all approvals required to conduct the Offering granted. It is expected that trading in the Shares will commence on the Exchange shortly after the allocation of the Offer Shares.
Risk Factors	There are certain risks related to investing in the Offer Shares. Such risks can be classified as follows: (A) Risks Related to the Company and its Operations; (B) Risks Related to the Market; and (C) Risks Related to the Shares. These risks are described in Section 2 ("Risk Factors") of this Prospectus and the "Important Notice" in the preamble hereof, and should be carefully considered prior to making a decision to invest in the Offer Shares.
Offering Expenses	The Selling Shareholder will bear all of the Offering expenses and costs estimated at around eighteen million (SAR 18,000,000) Saudi Riyals. These expenses and costs will be deducted from the Offering Proceeds and include the fees of the Financial Advisor, the Lead Manager, the Joint Bookrunners, the Underwriter, the Legal Advisor, the Financial Due Diligence Advisor, the Market Study Consultant, as well as the fees of the Receiving Entities, government fees, marketing, printing and distribution expenses, as well as other expenses related to the Offering.

**Financial Advisor,
Underwriter****AlJazira Capital**

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Note: Page (i) ("**Important Notice**") and Section 2 ("**Risk Factors**") of this Prospectus must be carefully studied before making any decision regarding investing in the Offer Shares under this Prospectus.



KEY DATES AND SUBSCRIPTION PROCEDURES

Table (1.3): Expected Offering Timetable

Expected Offering Timetable	Date
Submission Period for Participating Parties and Book-Building Process	A period of five (5) business days commencing on Sunday, 09/11/1447H (corresponding to 26/04/2026G) and ending on Thursday, 13/11/1447H (corresponding to 30/04/2026G)
Submission Period for Individual Subscribers	Five (5) business days commencing on Sunday, 23/11/1447H (corresponding to 10/05/2026G) and ending on Thursday, 27/11/1447H (corresponding to 14/05/2026G)
Deadline for Submission of Subscription Forms by Participating Parties based on their initially allocated Offer Shares	Monday, 24/11/1447H (corresponding to 11/05/2026G)
Deadline for submission of Subscription Forms and payment of the Subscription monies by Individual Subscribers	Thursday, 27/11/1447H (corresponding to 14/05/2026G)
Deadline for payment of Subscription money by Participating Parties based on their initially allocated Offer Shares	Monday, 24/11/1447H (corresponding to 11/05/2026G)
Announcement of final Offer Shares allocation	Monday, 01/12/1447H (corresponding to 18/05/2026G)
Refund of excess subscription monies (if any)	Thursday 04/12/1447H (corresponding to 21/05/2026G)
Expected trading commencement date for the Shares on the Exchange	Trading of the Company's Shares on the Exchange is expected to commence after all relevant legal requirements and procedures have been fulfilled. Trading will be announced in local newspapers and on Tadawul website (www.saudiexchange.sa).

Note: The above timetable and dates therein are indicative. Actual dates will be communicated in announcements made in local daily newspapers in the Kingdom, on the Tadawul website (<https://www.saudiexchange.sa>), the Company's website (www.addar-bs.com) and the website of the Financial Advisor (www.aljaziracapital.com.sa).

How to Apply for Offer Shares

Subscription shall be restricted to the following two groups of Investors:

Tranche (A): Participating Parties: This tranche comprises investors eligible to participate in the Book-Building process in accordance with the Book-Building Instructions (for further information, please refer to Section 1 ("Definitions and Abbreviations") and Section 17 ("Subscription Terms and Conditions") of this Prospectus).

Tranche (B): Individual Subscribers: This tranche includes Saudi Arabian nationals, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi person who can subscribe in her own name or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor children; and non-Saudi natural persons either residing or not residing in the Kingdom who have an investment account and an active portfolio with one of the Receiving Entities or have the right to open an investment account with a Capital Market Institution. Subscription by a person in the name of his divorcee shall be deemed invalid. If a transaction of this nature is proved to have occurred, the applicable regulations shall be enforced against such person. If a duplicate subscription is made, the second subscription will be deemed void, and only the first subscription will be accepted.

Set out below is an overview of how the Participating Parties and Individual Subscribers can subscribe to the Offer Shares:

Participating Parties:

Participating Parties can obtain the Bid Forms from the Lead Manager during the Book-Building Period and obtain the Subscription Forms from the Lead Manager following the initial allocation. The Joint Bookrunners shall, after the approval of CMA, offer the Offer Shares to Participating Parties only during the Book-Building Period. Subscriptions by Participating Parties shall commence during the Offering Period, which shall also include the Individual Subscribers, according to the terms and conditions detailed in the Subscription Forms. A signed and stamped Subscription Form shall be submitted to the Joint Bookrunners, with such Subscription Form representing a binding agreement between the Selling Shareholder and the applicant Participating Party.

Individual Subscribers:

Individual Subscribers wishing to subscribe to the Offer Shares must submit their Subscription Forms electronically through the websites and platforms of the Receiving Entities that provide this service to Subscribers through which Individual Subscribers will be able to subscribe to the Company's Shares during the Offering Period, provided that:

- The Individual Subscriber must have an investment account and an active portfolio at the Receiving Entity providing these services or have the right to open an investment account with a Capital Market Institution;
- There have been no changes in the personal information or data of the Individual Subscriber (by deleting or adding a family member) since his subscription in the last IPO.

Subscription Forms must be filled out according to the instructions described in Section 17 ("**Subscription Terms and Conditions**") of this Prospectus. Each applicant must complete all the relevant sections in the Subscription Form. The Company reserves the right to reject any Subscription Form, in part or in whole, if any of the subscription terms and conditions are not met. The Subscription Form cannot be amended or withdrawn once submitted. Furthermore, the Subscription Form shall, upon submission, be considered to be a legally binding agreement between the relevant Subscriber and the Selling Shareholder (for further information, please refer to Section 17 ("**Subscription Terms and Conditions**") of this Prospectus).

Excess subscription monies, if any, will be refunded to the Individual Subscriber's investment account held with the Receiving Entity from which the subscription value has been debited in the first place, without withholding any charge or commission by the Joint Bookrunners or Receiving Entities. Excess subscription monies shall not be refunded in cash or to third-party accounts.

SUMMARY OF KEY INFORMATION

This summary of key information aims to give an overview of the information contained in this Prospectus. As it is a summary, it does not contain all of the information that may be important to prospective investors. Accordingly, this summary should be treated as an introduction to this Prospectus. Recipients of this Prospectus should read the Prospectus in its entirety, as any decision by prospective investors to invest in the Offer Shares should be based on a study of this Prospectus as a whole. In particular, it is important to carefully consider the ("**Important Notice**") on page (i) and Section 2 ("**Risk Factors**"), respectively, prior to making any investment decision in relation to the Offer Shares and not to place any undue reliance on this summary.

1. OVERVIEW OF THE COMPANY

1.1 Overview of the Company and its Activities

Dar AlBalad for Business Solutions Company (hereinafter referred to as the “**Issuer**” or the “**Company**”) is a Saudi closed joint-stock company established under Unified Commercial Register No. 7002303746 dated 17/05/1422H (corresponding to 07/08/2001G) issued in Riyadh, Kingdom of Saudi Arabia. As listed in the Commercial Register, the Head Office of the Company is located in Building no. 7768 Wadi Al Artawi, Al Olaya District, P.O. Box 3168, Riyadh, 12212, Kingdom of Saudi Arabia. The current share capital of the Company is seventy million Saudi Riyals (SAR 70,000,000), fully paid up and divided into seventy million (70,000,000) Ordinary Shares with a fully paid-up nominal value of one Saudi Riyal (SAR 1) per share (the “**Share(s)**”).

The Company was established by Mr. Ibrahim Abdullah Abdulaziz Bin Salamah as a single person establishment in Riyadh under the name Dar AlBalad for Information and Technology with Unified Commercial Register No. 7002303746 dated 17/05/1422H (corresponding to 07/08/2001G) with a capital of twenty five thousand Saudi Riyals (SAR 25,000).

On 16/10/1441H (corresponding to 08/06/2020G), the Company was converted from a single person company into a limited liability company under the name of Dar AlBalad for Maintenance and Operation with a capital of one million Saudi Riyals (SAR 1,000,000), divided into one hundred thousand (100,000) shares of equal value of ten Saudi Riyals (SAR 10) per share, by transferring an amount of nine hundred and seventy-five thousand Saudi Riyals (SAR 975,000) from the retained earnings account to the capital, and Mr. Ibrahim Abdullah Abdulaziz Bin Salamah assigned his entire ownership in the establishment to Dar AlBalad Commercial Company, without compensation.

On 22/11/1445H (corresponding to 30/05/2024G), the Company's name was changed from Dar AlBalad for Maintenance and Operation Company to Dar AlBalad for Business Solutions Company.

On 11/06/1446H (corresponding to 12/12/2024G), the nominal value of the Company's Share was decreased from ten Saudi Riyals (SAR 10) to one Saudi Riyal (SAR 1), and the Company's capital was increased from one million Saudi Riyals (SAR 1,000,000) divided into one hundred thousand (100,000) shares of equal value of ten Saudi Riyals (SAR 10) per share, to fifty million Saudi Riyals (SAR 50,000,000) divided into fifty million (50,000,000) shares of equal value of one Saudi Riyal (SAR 1) per share, wholly owned by Dar AlBalad Commercial Company, by transferring an amount of forty-nine million Saudi Riyals (SAR 49,000,000) from the retained earnings account to its capital.

On 01/07/1446H (corresponding to 01/01/2025G), the Company entered into an agreement with Dar AlBalad Commercial Company and GSC Solutions (formerly Global Specialty Chemicals Company), whereby the Company acquired the entire share capital of GSC Solutions, a limited liability company with a share capital of SAR 500,000 divided into 500,000 shares with a nominal value of SAR 1 each. It is registered under Unified Commercial Registration No. 7001690887 dated 08/08/1432H (corresponding to 09/07/2011G), with its head office located in Riyadh. The Company acquired the entire share capital of GSC Solutions, including all its rights and obligations. Prior to this acquisition, the Subsidiary was directly owned by Dar AlBalad Commercial Company, which is the parent company of both the Company and its Subsidiary. The acquisition was carried out at a book value of SAR 21,839,626 as at 31 December 2024G, without any change in ultimate control. The Company recorded such value as additional share capital. All statutory and legal procedures related to the transfer of ownership and the updating of the commercial registrations were completed on 13/07/1446H (corresponding to 13/01/2025G). On 10/04/1447H (corresponding to 02/10/2025G), the Subsidiary name was changed from “**Global Specialty Chemicals Company**” to “**GSC Solutions**”.

On 13/08/1446H (corresponding to 12/02/2025G), the Company's capital was increased from fifty million Saudi Riyals (SAR 50,000,000) to seventy million Saudi Riyals (SAR 70,000,000) divided into seventy million (70,000,000) shares of equal value of one Saudi Riyal (SAR 1) per share, wholly owned by Dar AlBalad Commercial Company, by transferring an amount of ten million Saudi Riyals (SAR 10,000,000) from the additional capital contributions account and an amount of ten million Saudi Riyals (SAR 10,000,000) from the retained earnings account to the capital.

On 21/08/1446H (corresponding to 20/02/2025G), Dar AlBalad Commercial Company assigned, in exchange for an agreed cash consideration (of five million sixty thousand five hundred and twelve Saudi Riyals (SAR 5,060,512)), part of its shares in the Company amounting to one million and four hundred thousand (1,400,000) to Najm for Commercial Investment Company, and one million and four hundred thousand (1,400,000) of its shares in the Company to Najm AlOlaya Commercial Company. The assigned shares were transferred at the book value of the Company's equity as at 01/07/1446H (corresponding to 01/01/2025G).

On 02/09/1446H (corresponding to 02/03/2025G), the Company was converted from a limited liability company to a closed joint-stock company with an issued fully paid capital of seventy million Saudi Riyals (SAR 70,000,000) divided into seventy million (70,000,000) Ordinary Shares with a nominal value of one Saudi Riyal (SAR 1) per share. The Company was also registered in the Commercial Register as a closed joint-stock company.

As at the date of this Prospectus, the Company's current share capital is seventy million Saudi Riyals (SAR 70,000,000), fully paid and divided into seventy million (70,000,000) Ordinary Shares of equal value of one Saudi Riyal (SAR 1) per share.

(For further information, please refer to Section 4.6 ("**Overview of the Company and Evolution of its Capital**") of this Prospectus).

With its well-established 25-year history, the Company has firmly gained traction in the IT services sector in the Kingdom. The Company's core services include managed IT services, IT Consulting Services, business managed services and is growing its IoT Smart Solutions capability offering. The Company's key advantages include its good reputation for delivering high-quality, responsive and flexible IT services catering to a variety of verticals which include finance, medical insurance, healthcare, telecommunications, stock exchange, and government and public sectors. The Company has strong credentials in being a preferred IT services provider for the public sector as it has been instrumental in executing large-scale government and semi-government projects. The Company started investing and expanding its service capability to include IoT Smart Solutions services. This includes selling, installing and providing maintenance and support for IoT networks based on LoRaWAN/LPWAN technology and Connectivity Solutions for Smart Cities and Smart Plants for the industrial sector.

In January 2025G, the Company acquired 100% of the share capital of GSC Solutions (formerly Global Specialty Chemicals Company) (GSC Solutions shall hereinafter be referred to as the "**Subsidiary**" and together with the Company as the "**Group**") from Dar AlBalad Commercial Company pursuant to an agreement dated 01/07/1446H (corresponding to 01/01/2025G), whereby the Company acquired all the shares of Dar AlBalad Commercial Company in GSC Solutions (formerly Global Specialty Chemicals Company), including all its rights and obligations, at a book value amounting to SAR 21,839,626 as at 31 December 2024G, and the Company recorded such value as additional share capital. All statutory and legal procedures related to the transfer of ownership and the updating of the commercial registrations were completed on 13/07/1446H (corresponding to 13/01/2025G). The Subsidiary is a leading provider of industrial solutions services including oil and amines reclamation services; the supply of specialty chemicals; and the inspection, supply and supervision of specialized industrial products. The Subsidiary has a long well established history in the Saudi market with expertise in the field. Its long standing partnerships with leading oil and gas and petrochemical players like Saudi Aramco, Saudi Basic Industries Corporation (SABIC), Qatar Fertilizers Company (QAFICO) and Qatar Energy highlight the trust and demand for its services in the GCC regional market. The Subsidiary's industrial solution offering is well positioned and aligned with the Vision 2030 strategies to reduce waste, increase recycling and reduce energy consumption in the oil and gas, petrochemical and manufacturing sectors to reduce negative impacts on the environment.

The Company operates under the Unified Commercial Register No. 7002303746 dated 17/05/1422H (corresponding to 07/08/2001G). As stated in its Bylaws, the Company's activities consist of carrying out and implementing the following objectives:

- 1- Computer programming activities
- 2- Computer consultancy and computer facilities management activities
- 3- Data processing, hosting and related activities; web portals
- 4- Activities of holding companies, i.e. assets (owning controlling-levels of equity) of a group of subsidiary corporations and whose principal activity is owning the group
- 5- Management consultancy activities
- 6- Temporary employment agency activities
- 7- Combined facilities support activities
- 8- Organization of conventions and trade shows
- 9- Repair of computers and peripheral equipment

As set out in the Commercial Register of the Company and its Branches, the Company's activities consist of carrying out and implementing the following objectives:

- 1- Analysis of systems
- 2- Designing and programming special software
- 3- Virtual Reality technologies
- 4- Artificial Intelligence Technologies
- 5- Provision of network management and monitoring services
- 6- Big Data Technologies and Data Science
- 7- Providing call center services
- 8- Building and operating a geospatial platform/portal
- 9- Management of Holding Companies subsidiaries

- 10- Possessing real estate and movables required for Holding Companies
- 11- Providing services Senior Management Consulting
- 12- Temporary employment agency activities for Saudis
- 13- Provision of maintenance services within facilities
- 14- Operation of exhibition and conference centers and facilities
- 15- Repair and maintenance of personal computers and laptops (of all types)
- 16- Repair and maintenance of magnetic disk drives, flash drives, optical disk drives and other storage devices

The Company's actual activities consist of providing managed IT services, IT Consulting Services, and managed business services, in addition to developing smart Internet of Things solutions for the financial and governmental sectors.

The Subsidiary carries out its activities under the Unified Commercial Registration No. 7001690887 dated 08/08/1432H (corresponding to 09/07/2011G), with its head office located in Riyadh.

The current principal activity of the Subsidiary is to provide industrial solutions. The Subsidiary's activities, in accordance with its Bylaws, include carrying out and implementing the following purposes:

- 1- Repair of electrical equipment.
- 2- Installation of industrial machinery and equipment.
- 3- Electrical installations.
- 4- Wholesale of waste, scrap, and other products not classified elsewhere.
- 5- Retail sale of other new goods in specialized stores.
- 6- Management consultancy activities.
- 7- Employment agency activities.
- 8- Temporary employment agency activities.
- 9- Provision of other human resources.

The Subsidiary's activities also include, in accordance with the Subsidiary's commercial registration and that of its branches, carrying out and implementing the following purposes:

- 1- Manufacture of chemical elements.
- 2- Repair of electrical equipment.
- 3- Repair and maintenance of booster and control stations.
- 4- Repair, maintenance, and storage of primary batteries and storage batteries.
- 5- Installation of industrial equipment in industrial facilities.
- 6- Installation of process control equipment in industrial facilities.
- 7- Installation of machinery and equipment fittings.
- 8- Operation of used oil treatment facilities.
- 9- Sales agency in raw textile materials.
- 10- Sales agency in crude fuel, metals, and industrial chemicals, including fertilizers.
- 11- Wholesale of lubricants and refined petroleum products.
- 12- Wholesale of chemicals.
- 13- Wholesale and supply of chemical and natural materials used in pollution control.
- 14- Wholesale of chemicals used in educational laboratories.
- 15- Wholesale of soap and detergents.
- 16- Retail sale of cleaning materials.
- 17- Sale and installation of machinery and factory equipment.
- 18- Warehousing of chemicals.
- 19- Purchase, sale, subdivision, and off-plan sale of land and real estate.
- 20- Provision of senior management consulting services.

The Subsidiary's actual activities consist of providing specialized industrial solutions, which include industrial chemical impurity removal services, Industrial Maintenance Services involving the inspection, supply, and supervision of specialized industrial products, and industrial supply services that include the supply of specialized chemicals.

1.2 Company's Vision and Mission

1.2.1 Company's Vision

To be recognized as the leader in the information technology and industrial services by providing unparalleled solutions and services, and by building lasting relationships.

1.2.2 Company's Mission

To deliver innovative, reliable, and secure IT and industrial services and solutions that empower businesses and industries to succeed in a rapidly changing digital landscape while contributing to a more connected and sustainable world.

1.2.3 Strengths and Competitive Advantages

The Group's main strengths and competitive advantages are the following:

1.2.3.1 Established Reputation, Experience, and Long-Term Customer Retention

The Group has built a strong reputation over 25 years, particularly in highly regulated sectors such as banking and financial services, insurance, oil & gas, and government-related entities. During this period, the Group has built a team with extensive experience and deep expertise, enhancing its ability to deliver innovative and effective solutions that meet diverse customer needs. The Group has successfully retained major customers for over two decades, reflecting the trust and confidence it has gained. This long-term customer retention is driven by a customer-centric approach that prioritizes tailored solutions, responsiveness, and proactive engagement. The Group's ability to understand and meet unique customer needs ensures high renewal rates and consistent demand for its services, in addition to creating new customer opportunities by recommending existing customers when they move to new locations or acquiring new customers. Additionally, the Group's high-profile customer base enhances its employment brand, attracting top local and international talent, which further strengthens the Group's workforce and technical expertise.

1.2.3.2 Comprehensive and Integrated Solutions Provider

The Group provides a fully integrated suite of business, industrial and specialized solutions, eliminating the need for customers to engage multiple service providers. The Company offers IT-managed services, IT consulting, business managed services and IoT solutions, while the Subsidiary delivers specialized Industrial Reclamation Services leveraging proprietary US-based technology as well as Industrial Maintenance Services. This breadth of services ensures operational efficiency, reduces complexity, and enhances value for customers. The Group's global delivery model, supported by remote execution teams outside the Kingdom, enables 24/7 service availability and seamless project execution. Advanced digital tools and platforms further enhance productivity, visibility, and collaboration between onsite and remote teams.

1.2.3.3 Cost-Effective Solutions and Access to High-Barrier Markets

The Group maintains a strong cost-leadership position by optimizing operational costs. The Company has secured long-term contracts with financial institutions, insurance companies, and government-related entities, ensuring predictable revenue streams and minimizing market competition risks. Meanwhile, the Subsidiary's access to controlled US-based technology provides a distinct advantage in the oil & gas sector, where entry barriers are exceptionally high. The Subsidiary's long-term customer relationships with the region's largest gas processors also enable smoother market entry into new geographies. Additionally, both companies benefit from strong financial flexibility, allowing them to self-finance projects and sustain operations even during customer payment delays.

1.2.3.4 Proactive Support and Operational Resilience

The Group prioritizes proactive customer support and operational resilience. The Company leverages continuous system monitoring and predictive analytics to identify and resolve potential issues before they impact customers, ensuring high service availability. The Subsidiary, with its large facility in Dammam, offers flexible offline reclamation services, minimizing downtime for industrial customers. The Group operates with a rapid decision-making framework, enabling swift contract negotiations and immediate responses to customer requirements during project execution. This agility enhances the Group's reliability as a trusted partner for mission-critical operations.

1.2.3.5 Exclusive Technology Partnerships and Innovation Leadership

The Company has secured strategic alliances with global technology leaders such as MultiTech Systems Inc., a pioneer in IoT and LoRaWAN technology, granting it exclusive distribution rights in Saudi Arabia. Meanwhile, the Subsidiary owns licenses for US-based industrial reclamation technology. These strategic partnerships allow the Group to remain at the forefront of technological advancements, delivering next-generation Smart City solutions, industrial automation, and Digital Transformation initiatives.

1.2.3.6 Regulatory Leadership and Industry Certifications

The Group's adherence to international standards strengthens its competitive edge. The Company holds ISO certifications for Quality Management (ISO 9001), Environmental Management (ISO 14001), and Occupational Health & Safety (ISO 45001), and Manassa Tech certification, along its classification as a Grade A contractor, granting it access to government projects exceeding SAR 200 million. The Subsidiary's compliance with stringent regulatory requirements in the oil & gas sector ensures seamless operations in highly regulated environments. These certifications reinforce customer confidence, enhance credibility, and enable the Group to secure large-scale contracts.

1.2.3.7 Licenses and Strategic Advantages in Industrial Reclamation

The Subsidiary owns licenses for controlled US-based technology, with multiple references providing Industrial Reclamation Services required by the largest oil & gas companies in the region. This access provides the Subsidiary with a unique advantage over competitors. The Subsidiary has several references with the two largest gas processors in the region, which will facilitate the access of its technologies in other countries and provide a competitive edge due to the challenges in penetrating the high-barrier oil & gas industry. The application of this technology requires a limited number of resources, offering the Subsidiary a cost advantage. Additionally, the Subsidiary can create new customer opportunities by recommending existing customers who are expanding to new locations or acquiring new customers in the same industry, thereby ensuring a continuous flow of business expansion.

1.2.3.8 Scalable Infrastructure and Expansion Readiness

The Subsidiary's 10,000-square-meter facility in Dammam 2nd Industrial City provides significant operational flexibility, allowing for scalable offline reclamation services. With 50% of the facility's space available for expansion, the Subsidiary is positioned to introduce new services and products, further broadening the Group's industrial capabilities. This infrastructure readiness strengthens the Group's ability to capitalize on future growth opportunities across multiple industries.

1.3 Group Strategies

The Group's principal strategies to grow its business comprise the following:

1.3.1 Mobile Marketplace Development

The Company is developing a cutting-edge digital platform that bridges the gap between buyers and sellers, facilitating seamless transactions of goods and services. By providing a user-friendly and accessible interface, consumers can effortlessly browse, compare, and purchase products from diverse vendors. Recognizing the growing importance of mobile e-commerce, the Company has launched an initiative to develop a robust mobile Marketplace application, tailored to support both Business-to-Business (B2B) and Business-to-Consumer (B2C) models. This initiative aligns with the strategic objective of driving long-term revenue growth and establishing a strong digital presence for the Company's portfolio to solidify its position as a leader in the digital marketplace.

1.3.2 Diversification into Cybersecurity and AI

In response to the increasing demand for advanced digital security and Artificial Intelligence (AI) solutions, the Company is diversifying its service portfolio to include cutting-edge cybersecurity and AI-driven technologies. This strategic expansion will enable the Company to meet the evolving needs of its customers in highly regulated sectors such as finance, healthcare, industrial, and government. By investing in these high-growth areas, the Company aims to remain at the forefront of digital security and AI innovation, positioning itself as a trusted partner in securing the digital future of its customers.

1.3.3 Geographic Expansion into Middle East Markets

The Group is expanding its footprint across the Middle East, building on its successful entries into Bahrain and Qatar. This regional expansion strategy will allow the Group to capitalize on the growing demand for industrial solutions and further strengthen its position in the broader Middle Eastern market. With increasing regional infrastructure development and the growing need for smart city technologies, this expansion will enable the Group to tap into new markets and enhance its global reach.

1.3.4 Strengthening Innovation and Technology Partnerships

The Company is committed to enhancing its technology partnerships with leading global players in IoT, AI, and Cybersecurity. By fostering these strategic collaborations, the Company will continue to evolve its service offerings and maintain its competitive edge in the market. These partnerships will also ensure that the Company stays at the cutting edge of technological advancements, enabling it to deliver state-of-the-art solutions that meet the increasingly complex needs of its customers across multiple sectors.

1.3.5 Focus on Operational Excellence and Best Practices

The Company remains steadfast in its commitment to operational excellence and regulatory compliance, adhering to international best practices and governance standards. This focus is critical for maintaining its position as a trusted partner for government entities and top Tadawul-listed companies. By continuously improving operational processes, maintaining high governance standards, and staying ahead of regulatory requirements, the Company will reinforce investor confidence and ensure its long-term market leadership.

1.3.6 Expansion of the Subsidiary's Regional Reach

The Subsidiary is strategically leveraging its existing relationships with top gas processors in the region to expand its business opportunities across the Middle East and North Africa (MENA) region. By capitalizing on these established references, the Subsidiary aims to penetrate new markets and replicate its success in other parts of the MENA region. This strategy will strengthen the Subsidiary's competitive position and ensure continued growth in the Industrial Reclamation Services sector.

1.3.7 Capitalizing on the Subsidiary's Branded Customer Base to Acquire New Technologies

The Subsidiary is focused on expanding its service offerings by acquiring new technologies that complement its existing capabilities. By leveraging its strong relationships with leading gas processors and a well-established branded customer base, the Subsidiary is in an ideal position to partner with technology providers and integrate new innovations into its portfolio. This strategy will enhance the Subsidiary's value proposition and enable it to stay ahead of industry trends while meeting the evolving needs of its customers.

1.4 Key Developments of the Company since Establishment

The following table shows the key developments of the Company since its establishment to the date of this Prospectus.

Table (1.4): Key Developments of the Company since Establishment

Year	Event/Development
2001G	The Company was founded under the name of "Dar AlBalad for Information and Technology" as a branch of "Dar AlBalad Commercial Establishment"
2014G	The Company established a new branch in Jeddah, expanding its presence in the Kingdom.
2019G	The Company achieved revenue exceeding SAR 100 million.
2020G	- The Company was converted to a limited liability company under the name "Dar AlBalad for Maintenance and Operation". - The Company obtained ISO 14001: 2015 Certificate, ISO 9001: 2015 Certificate and ISO 45001: 2018 Certificate.
2021G	The Company completed its first international project in Abu Dhabi, marking its expansion outside the Kingdom.
2022G	The Company was classified as Grade B Contractor by the Ministry of Municipality and Housing.
2024G	- The Company opened a branch in Bahrain, its first outside the Kingdom, to support the Company's project with the King Fahad Causeway Authority on the Bahraini side of the border. - The Company was classified as a Grade A Contractor by the Ministry of Municipality and Housing. - The Company changed its name to "Dar AlBalad for Business Solutions". - The Company achieved revenue exceeding SAR 200 million.
2025G	- The Company acquired, from Dar AlBalad Commercial Company, 100% of the share capital of GSC Solutions (formerly Global Specialty Chemicals Company), a provider of industrial solutions. - The Company completed its conversion from a Limited Liability Company to a Closed Joint Stock Company. - The Company launched an initiative to develop an innovative mobile marketplace application to enhance its digital presence. - The Subsidiary changed its name to "GSC Solutions".

Source: the Company

MARKET OVERVIEW

The nominal Gross Domestic Product (GDP) grew at a compound annual growth rate (CAGR) of 7.5% during 2021G-2024G, reaching SAR 4.1 trillion in 2024G compared to SAR 3.3 trillion in 2021G. The Kingdom's agenda for diversifying the non-oil economy under Vision 2030 has driven significant progress in developing infrastructure and investment, attracting foreign direct investment, stimulating private sector activity, and increasing consumer spending. The ambitions of Vision 2030 to expand infrastructure, construction, manufacturing, industry, transport, logistics, and tourism sectors are reflected in a series of mega-projects, such as NEOM, the Red Sea Project, the luxury destination of AMAALA, Diriyah Gate, and Roshn. To support this infrastructure growth, the Government has pledged SAR 1.6 trillion by 2030G to enhance its networks across the transport, industrial, and telecommunications sectors. Efforts to diversify the non-oil economy, urban expansion, infrastructure development, social reforms and labor market are expected to broadly stimulate economic growth over the forecast period. Nominal GDP is projected to grow at a CAGR of 4.0% between 2025G and 2029G, reaching SAR 4.9 trillion by 2029G.

The Kingdom has made notable progress in global digital government rankings in terms of digital economy development and readiness. The Digital Transformation of Government services for citizens, alongside the development of the national payments ecosystem, has increased demand from businesses and consumers for internet-based services. This has, in turn, strengthened the Kingdom's ICT infrastructure, especially in areas such as Cybersecurity, digital payments, and data protection. The Kingdom's rapid expansion in industrial and logistics sectors constitutes a major opportunity for the ICT sector. Increased facility automation and the deployment of IoT Industrial Solutions are critical factors in enabling smarter manufacturing and effective predictive maintenance. Advanced technologies, such as AI-powered supply chain optimization, real-time logistics tracking, and quality-monitoring data analytics, have become integral to the Kingdom's industrial strategy.

The Kingdom's population reached approximately 33.9 million in 2024G, recording a CAGR of 3.3% between 2021G and 2024G. Population growth, coupled with the infrastructure expansion plans of Vision 2030, is accelerating the pace of urbanization. The population of major cities grew at a CAGR of 3.6% from 2021G to 2024G, reaching 28.9 million people (representing 85.2% of the total population in 2024G). These regional infrastructure development efforts are expected to drive demand for ICT infrastructure to support smart cities, efficient transportation systems, and regional connectivity.

The ICT sector plays a central role in driving innovation, fostering economic growth, and accelerating Digital Transformation across various industries. The ICT sector encompasses a range of IT-related activities, including hardware manufacturing, Software Development, IT services (including managed services, technical consulting, technical support, and Software Development services) as well as the deployment of Digital Infrastructure. IT services spending in KSA has seen strong growth, fueled by the Kingdom's ambitious Digital Transformation initiatives under Vision 2030. According to Euromonitor International, the IT services market in Saudi Arabia reached SAR 34.2 billion in 2024G compared to SAR 27.1 billion in 2021G, reflecting a CAGR of 8.1%. Demand for IT services (including managed IT services and IT Consulting Services) is expected to continue growing at a CAGR of 8.1% between 2025G and 2029G, reaching an estimated SAR 56.9 billion by 2029G. The Government is actively supporting the expansion of the IT services sector (including managed services and IT consulting) by accelerating the implementation of e-government. With its strategic location and status as the largest tech market in MENA, the Kingdom serves as an ideal hub for IT services. Moreover, its advanced telecommunications infrastructure, including the fourth-highest global 5G network coverage, further supports the growth and expansion of the ICT sector.

With a well-established 25-year history, Dar AlBalad for Business Solutions Company has grown to become a leading mid-sized IT services company, and has firmly gained traction in the IT services sector in the Kingdom. The Company's core services include managed IT services, IT Consulting Services, business managed services and is growing its IoT Smart Solutions capability offering. With a workforce of over 750 employees, the Company has built a solid reputation as a trusted and reliable IT services provider in the Kingdom. As a well-regarded operator and preferred government partner, the Company aims to continue strengthening its capabilities to drive future revenue growth. It also plans to expand its regional presence across the GCC countries and broaden its expertise in AI Technologies and Cybersecurity services.

SUMMARY OF FINANCIAL INFORMATION

The selected financial information set out below should be read in conjunction with the Audited Financial Statements for the Financial Year Ended 31 December 2023G, which include restated comparative information as at 31/12/2022G, and the financial statements for the Financial Year Ended 31 December 2024G, prepared by the Company in accordance with the International Financial Reporting Standards (IFRS) as adopted in the Kingdom and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA). The financial information for the Six-Month Period Ended 30 June 2025G has been extracted from the Condensed Consolidated Interim Financial Statements for the Six-Month Period Ended 30 June 2025G, prepared in accordance with IAS 34 "**Interim Financial Reporting**" as adopted in the Kingdom of Saudi Arabia. The audited financial statements for the Financial Years Ended 31 December 2023G and 31 December 2024G were audited in accordance with the International Standards on Auditing as adopted in the Kingdom by Talal Abu-Ghazaleh & Co. (Certified Public Accountants), while the Company issued its Statutory Financial Statements for the Financial Year Ended 31 December 2022G in accordance with the IFRS for Small and Medium-sized Entities, which were prepared and audited by another auditor. As part of the transition to IFRS, the Company prepared Special Purpose Financial Statements for the Financial Year Ended 31 December 2022G, which reviewed the transition entries from IFRS for SMEs to IFRS, and such transition entries were audited by Talal Abu-Ghazaleh & Co. (Certified Public Accountants). The Condensed Consolidated Interim Financial Statements for the Six-Month Period Ended 30 June 2025G were reviewed by Talal Abu-Ghazaleh & Co. (Certified Public Accountants). These audited and reviewed financial statements, together with the accompanying notes, are included in this Prospectus.

Unless otherwise stated, the Company's financial information for the Financial Year Ended 31 December 2022G was derived from the Company's financial statements for the Financial Year ended 31 December 2023G that were prepared and audited by Talal Abu-Ghazaleh & Co. (Certified Public Accountants). Similarly, and unless otherwise stated, the Company's financial information and financial statements for the Financial Years Ended 31 December 2023G and 31 December 2024G was derived from the Company's financial statements for the Financial Year ended 31 December 2024G that were audited by Talal Abu-Ghazaleh & Co. (Certified Public Accountants). The Company's financial information for the Six-Month Period Ended 30 June 2025G and the comparative period ended 30 June 2024G, unless otherwise stated, is derived from the Condensed Consolidated Interim Financial Statements for the Six-Month Period Ended 30 June 2025G, prepared by Talal Abu-Ghazaleh & Co. (Certified Public Accountants).

It should be noted, as stated in Note (1) to the Condensed Consolidated Interim Financial Statements for the Six-Month Period Ended 30 June 2025G, that during this period, the Company completed the full acquisition of an associate company; accordingly, the unaudited comparative figures for the period ended 30 June 2024G do not include the assets, liabilities, and results of operations of the associate company.

Following the completion of the acquisition of GSC Solutions (formerly Global Specialty Chemicals Company) after the date of the latest audited annual financial statements, the Company prepared Pro Forma Financial Statements for the Financial Years Ended 31 December 2022G, 2023G, and 2024G, which have been prepared and audited by Talal Abu-Ghazaleh & Co. (Certified Public Accountants) and included in this Prospectus. These statements were prepared to illustrate the hypothetical financial impact of the acquisition as if it had occurred on 01/01/2022G, in order to provide a clearer view of the Group's financial and operational performance after the acquisition, thereby facilitating the analysis of comparative financial performance between the pre- and post-acquisition periods.

The table below sets out the Company's summary statement of profit and loss and other comprehensive income, summary statement of financial position, summary statement of cash flows, and selected key performance indicators (KPIs) for the Financial Years Ended 31 December 2022G, 2023G, 2024G and the Six-Month Period Ended 30 June 2025G.

Table (1.5): Summary of the Company's Statement of Profit and Loss, Financial Position, Cash Flows, and Key Financial Indicators for the Financial Years Ended 31 December 2022G, 2023G, 2024G, the Six-Month Period Ended 30 June 2024G, and the Six-Month Period Ended 30 June 2025G

Currency: SAR '000	31 December 2022G	31 December 2023G	31 December 2024G	Six-Month Period Ended 30 June 2024G	Six-Month Period Ended 30 June 2025G
Statement of Comprehensive Income					
Revenue	157,880.9	195,474.7	243,325.3	114,620.2	155,754.1
Cost of revenue	(126,625.1)	(154,179.5)	(197,641.3)	(94,983.2)	(124,245.36)
Gross profit	31,255.8	41,295.2	45,684.0	19,637.0	31,508.5
General & administrative expenses	(7,941.9)	(6,643.5)	(6,071.7)	(2,998.2)	(4,999.9)
Selling & distribution expenses	-	-	-	-	(818.6)
Operating profit	23,313.9	34,651.7	39,612.3	16,638.9	25,690.1
Other income	1,871.1	217.3	394.7	66.5	298.4
Investment income	(54.3)	147.3	3,472.0	1,619.3	844.7
Finance costs	(506.2)	(502.6)	(1,011.3)	(228.5)	(138.5)
Profit for the year/period before estimated Zakat	24,624.5	34,513.7	42,467.7	18,096.2	26,694.6
Estimated Zakat	(1,362.8)	(2,059.5)	(2,859.6)	(1,002.0)	(1,942.1)
Net profit for the year/period	23,261.7	32,454.2	39,608.1	17,094.2	24,752.5
Other Comprehensive Income for the Year/Period					
Items that will not be reclassified subsequently to profit or (loss):					
Gains/(losses) from remeasurement of long-term employee benefit obligations	(71.6)	(968.3)	2,646.9	-	-
Total other comprehensive income/(loss) items for the year/period	(71.6)	(968.3)	2,646.9	-	-
Net comprehensive income for the year/period	23,190.1	31,485.9	42,255.0	-	-
Summary Statement of Financial Position					
Total Current Assets	64,437.9	88,812.3	117,207.5	N/A	158,852.3
Total Non-current Assets	901.3	583.8	12,653.3	N/A	18,072.1
Total Assets	65,339.2	89,396.1	129,860.9	N/A	176,924.4
Total Current Liabilities	6,128.8	21,419.6	15,069.5	N/A	13,945.3
Total Non-current Liabilities	7,727.9	10,558.2	10,118.1	N/A	11,713.8



Currency: SAR '000	31 December 2022G	31 December 2023G	31 December 2024G	Six-Month Period Ended 30 June 2024G	Six-Month Period Ended 30 June 2025G
Total Liabilities	13,856.7	31,977.8	25,187.7	N/A	25,659.0
Total Equity	51,482.5	57,418.3	104,673.2	N/A	151,265.3
Total Liabilities and Equity	65,339.2	89,396.1	129,860.9	N/A	176,924.4
Summary Statement of Cash Flows					
Net Cash From Operating Activities	23,484.9	13,546.8	18,668.5	4,530.9	(29,255.6)
Net Cash From / (Used In) Investing Activities	(1,001.1)	(15,271.0)	3,008.9	12,152.2	1,746.9
Net Cash From Financing Activities	(22,949.9)	(2,187.2)	(4,643.2)	1,407.0	(20)
Cash and Cash Equivalents at Beginning of Year	11,361.8	10,895.7	6,984.3	6,984.3	24,018.5
Cash Acquired	-	-	-	-	10,899.5
Cash and Cash Equivalents at End of Year	10,895.7	6,984.3	24,018.5	25,074.4	7,389.4
Key Performance Indicators (KPIs)					
Revenue Growth Rate	-	23.8%	24.5%	N/A	35.9%
Gross Margin	19.8%	21.1%	18.8%	17.1%	20.2%
Operating Margin	14.8%	17.7%	16.3%	14.5%	16.5%
Net Profit Margin	14.7%	16.6%	16.3%	14.9%	15.9%
Current Ratio	10.5	4.1	7.8	N/A	11.4
Total Assets to Total Liabilities	4.7	2.8	5.2	N/A	6.9
Debt-to-Equity Ratio	-	16.4%	-	N/A	-
Return on Equity (ROE)	53.0%	59.6%	48.9%	N/A	19.3%
Return on Assets (ROA)	39.2%	41.9%	36.1%	N/A	16.1%
Accounts Receivable Days (days)	57	52	70	N/A	87
Accounts Payable Days (days)	-	7	2	N/A	2
Inventory Days Outstanding	N/A	N/A	N/A	N/A	4
Cash Conversion Cycle (days)	57	45	68	N/A	89

Source: Audited Financial Statements for the Financial Years Ended 31 December 2023G and 31 December 2024G, the Condensed Consolidated Interim Financial Statements for the Six-Month Period Ended 30 June 2025G, and Company information.

2. SUMMARY OF RISK FACTORS

Before considering an investment in the Offer Shares, prospective investors are advised to carefully consider all the information contained in this Prospectus, particularly the risks stated below and which are described in detail in Section 2 (“**Risk Factors**”).

2.1 Risks Related to the Company’s Operations

- 2.1.1 Risks Related to the Provision of Information Technology Services
- 2.1.2 Risks Related to Customer Retention and Procurement of Additional Work from Existing Customers
- 2.1.3 Risks Related to Fluctuations in Gross Profit Margins and Their Impact on the Company’s Profitability
- 2.1.4 Risks Related to the Provision of IT Managed Services
- 2.1.5 Risks Related to the Impact of the Acquisition of the Subsidiary on the Consolidated Financial Statements
- 2.1.6 Risks Related to Operating Systems and Information Technology
- 2.1.7 Risks Related to Undetected Errors or Defects in Technical Solutions and Maintenance
- 2.1.8 Risks Related to Cyberattacks
- 2.1.9 Risks Related to the Quality of the Company’s Services and Solutions
- 2.1.10 Risks Related to Miscalculation of the Cost and Complexity of Performing Services
- 2.1.11 Risks Related to Rapidly Evolving Technological Developments and the Expansion of the Company’s Services and Capabilities
- 2.1.12 Risks Related to the Delivery of Industrial Solutions and Chemical Products
- 2.1.13 Risks Related to the Subsidiary’s Supplier Concentration
- 2.1.14 Risks Related to Material Agreements with Key Customers
- 2.1.15 Risks Related to the Ability to Attract and Retain Highly Skilled IT Professionals
- 2.1.16 Risks Related to the Company’s Current Credit Facilities
- 2.1.17 Risks Related to the Company’s Ability to Maintain Its Brand and Reputation
- 2.1.18 Risks Related to Failure to Achieve the Company’s Strategy
- 2.1.19 Risks Related to the Failure to Realize the Expected Benefits from the Company’s Acquisition of the Subsidiary
- 2.1.20 Risks Related to Transactions with Related Parties
- 2.1.21 Risks Related to Funding Reliance on Companies Owned by Related Parties
- 2.1.22 Risks Related to Financing Provided to Companies Owned by Related Parties
- 2.1.23 Risks Related to the Company’s Reliance on Its Senior Management and Key Employees
- 2.1.24 Risks Related to Customer Data Protection
- 2.1.25 Risks Related to Regulatory Requirements, Permits, Licenses, and Approvals Necessary for the Company’s Business
- 2.1.26 Risks Related to the Implementation of a Newly Adopted Internal Corporate Governance Manual
- 2.1.27 Risks Related to Limited Experience in Managing a Listed Joint Stock Company

- 2.1.28 Risks Related to the Company's Involvement in Legal Proceedings and Imposition of Fines
- 2.1.29 Risks Related to Employee Misconduct and Errors
- 2.1.30 Risks Related to Operations and Unexpected Business Interruptions
- 2.1.31 Risks Related to the Concentration of the Company's and its Subsidiary's Revenue from Key Customers
- 2.1.32 Risks Related to the Adequacy of Insurance Coverage
- 2.1.33 Risks Related to the Calculation of EBITDA
- 2.1.34 Risks Related to the Quality of Working Capital and Liquidity
- 2.1.35 Risks Related to the Absence of Ageing Records for Unbilled Revenues
- 2.1.36 Risks Related to the Newly Established Internal Audit Department
- 2.1.37 Risks Related to Zakat
- 2.1.38 Risks Related to Employee End-of-Service Benefits Obligations
- 2.1.39 Risks Related to the Issuance of Non-Compliant Internal Credit Notes
- 2.1.40 Risks Related to the Potential Creation of a Permanent Establishment Due to Employing Staff Outside the Kingdom
- 2.1.41 Risks Related to Accounts Receivable
- 2.1.42 Risks Related to Inventory
- 2.1.43 Risks Related to the Company's Investments in Investment Portfolios
- 2.1.44 Risks Related to Accounts Payable
- 2.1.45 Risks Related to Investments in Equity Instruments
- 2.1.46 Risks Related to Transition to International Standards

2.2 Risks Related to the Market, Industry, and Regulatory Environment

- 2.2.1 Risks Related to the Impact of Political and Economic Risks in the Middle East on the Company's Operations
- 2.2.2 Risks Related to Competitive Factors in the Sector in Which the Company Operates
- 2.2.3 Risks Related to the Competition Law
- 2.2.4 Risks Related to Natural Disasters
- 2.2.5 Risks Related to Changes in Laws and Government Policies in the Kingdom or Changes in Their Scope of Application to the Company
- 2.2.6 Risks Related to Increase in Government Fees Applicable to Non-Saudi Workers
- 2.2.7 Risks Related to Nationalization, Foreign Labor, and Other Labor Law Requirements
- 2.2.8 Risks Related to the Sponsorship and Employment of Non-Saudi Employees
- 2.2.9 Risks Related to the Imposition of Additional Fees or New Taxes
- 2.2.10 Risks Related to VAT
- 2.2.11 Risks Related to the New Civil Transactions Law and the Implementation Thereof

2.3 Risks Related to the Offer Shares

- 2.3.1 Risks Related to Actual Control by Current Shareholders
- 2.3.2 Risks Related to the Absence of a Prior Market for the Shares
- 2.3.3 Risks Related to Future Sales and Offers
- 2.3.4 Risks Related to the Company's Ability to Distribute Dividends
- 2.3.5 Risks Related to Market Price Volatility of the Shares
- 2.3.6 Risks Related to the Lack of Research Coverage or the Publication of Negative Research on the Company
- 2.3.7 Risks Related to Foreign Currency Exchange When Investing in the Offer Shares

Table of Contents

1.	DEFINITIONS AND ABBREVIATIONS	01
1.1	Glossary	01
1.2	Specific Terms	06
2.	RISK FACTORS	08
2.1	Risks Related to the Company's Operations	08
2.1.1	Risks Related to the Provision of Information Technology Services	08
2.1.2	Risks Related to Customer Retention and Procurement of Additional Work from Existing Customers	09
2.1.3	Risks Related to Fluctuations in Gross Profit Margins and Their Impact on the Company's Profitability	10
2.1.4	Risks Related to the Provision of IT Managed Services	11
2.1.5	Risks Related to the Impact of the Acquisition of the Subsidiary on the Consolidated Financial Statements	11
2.1.6	Risks Related to Operating Systems and Information Technology	12
2.1.7	Risks Related to Undetected Errors or Defects in Technical Solutions and Maintenance	12
2.1.8	Risks Related to Cyberattacks	13
2.1.9	Risks Related to the Quality of the Company's Services and Solutions	13
2.1.10	Risks Related to Miscalculation of the Cost and Complexity of Performing Services	14
2.1.11	Risks Related to Rapidly Evolving Technological Developments and the Expansion of the Company's Services and Capabilities	14
2.1.12	Risks Related to the Delivery of Industrial Solutions and Chemical Products	15
2.1.13	Risks Related to the Subsidiary's Supplier Concentration	15
2.1.14	Risks Related to Material Agreements with Key Customers	16
2.1.15	Risks Related to the Ability to Attract and Retain Highly Skilled IT Professionals	17
2.1.16	Risks Related to the Company's Current Credit Facilities	17
2.1.17	Risks Related to the Company's Ability to Maintain Its Brand and Reputation	18
2.1.18	Risks Related to Failure to Achieve the Company's Strategy	18
2.1.19	Risks Related to the Failure to Realize the Expected Benefits from the Company's Acquisition of the Subsidiary	19
2.1.20	Risks Related to Transactions with Related Parties	19
2.1.21	Risks Related to Funding Reliance on Companies Owned by Related Parties	22
2.1.22	Risks Related to Financing Provided to Companies Owned by Related Parties	23
2.1.23	Risks Related to the Company's Reliance on Its Senior Management and Key Employees	23
2.1.24	Risks Related to Customer Data Protection	23
2.1.25	Risks Related to Regulatory Requirements, Permits, Licenses, and Approvals Necessary for the Company's Business	24

2.1.26	Risks Related to the Implementation of a Newly Adopted Internal Corporate Governance Manual	24
2.1.27	Risks Related to Limited Experience in Managing a Listed Joint Stock Company	25
2.1.28	Risks Related to the Company's Involvement in Legal Proceedings and Imposition of Fines	25
2.1.29	Risks Related to Employee Misconduct and Errors	25
2.1.30	Risks Related to Operations and Unexpected Business Interruptions	26
2.1.31	Risks Related to the Concentration of the Company's and its Subsidiary's Revenue from Key Customers	26
2.1.32	Risks Related to the Adequacy of Insurance Coverage	26
2.1.33	Risks Related to the Calculation of EBITDA	27
2.1.34	Risks Related to the Quality of Working Capital and Liquidity	27
2.1.35	Risks Related to the Absence of Ageing Records for Unbilled Revenues	28
2.1.36	Risks Related to the Newly Established Internal Audit Department	28
2.1.37	Risks Related to Zakat	28
2.1.38	Risks Related to Employee End-of-Service Benefits Obligations	29
2.1.39	Risks Related to the Issuance of Non-Compliant Internal Credit Notes	29
2.1.40	Risks Related to the Potential Creation of a Permanent Establishment Due to Employing Staff Outside the Kingdom	29
2.1.41	Risks Related to Accounts Receivable	30
2.1.42	Risks Related to Inventory	31
2.1.43	Risks Related to the Company's Investments in Investment Portfolios	32
2.1.44	Risks Related to Accounts Payable	32
2.1.45	Risks Related to Investments in Equity Instruments	32
2.1.46	Risks Related to Transition to International Standards	32
2.2	Risks Relating to the Market, Industry, and Regulatory Environment	33
2.2.1	Risks Related to the Impact of Political and Economic Risks in the Middle East on the Company's Operations	33
2.2.2	Risks Related to Competitive Factors in the Sector in Which the Company Operates	33
2.2.3	Risks Related to the Competition Law	34
2.2.4	Risks Related to Natural Disasters	34
2.2.5	Risks Related to Changes in Laws and Government Policies in the Kingdom or Changes in Their Scope of Application to the Company	34
2.2.6	Risks Related to Increase in Government Fees Applicable to Non-Saudi Workers	35
2.2.7	Risks Related to Nationalization, Foreign Labor, and Other Labor Law Requirements	35
2.2.8	Risks Related to the Sponsorship and Employment of Non-Saudi Employees	36
2.2.9	Risks Related to the Imposition of Additional Fees or New Taxes	36
2.2.10	Risks Related to VAT	36
2.2.11	Risks Related to the New Civil Transactions Law and the Implementation Thereof	37

2.3	Risks Related to the Offer Shares	37
2.3.1	Risks Related to Actual Control by Current Shareholders	37
2.3.2	Risks Related to the Absence of a Prior Market for the Shares	37
2.3.3	Risks Related to Future Sales and Offers	37
2.3.4	Risks Related to the Company's Ability to Distribute Dividends	38
2.3.5	Risks Related to Market Price Volatility of the Shares	38
2.3.6	Risks Related to the Lack of Research Coverage or the Publication of Negative Research on the Company	38
2.3.7	Risks Related to Foreign Currency Exchange When Investing in the Offer Shares	38
3.	MARKET AND INDUSTRY SECTION	40
3.1	Macroeconomic and Demographic Overview	40
3.1.1	Macroeconomic Overview of the Kingdom	40
3.1.2	Demographic Overview	43
3.1.3	Labour workforce overview	44
3.1.4	Regulatory overview	45
3.2	Information Technology Services Industry Overview	45
3.2.1	Market Overview	45
3.2.2	Information Technology Services Competitive Landscape	48
3.3	Business Managed Services Overview	50
3.4	Internet of Things (IoT) Smart Solutions Overview	50
3.4.1	IoT technology advancement in the Kingdom has been rapid over the past three years with multiple applications across numerous sectors and is set to continue growing strongly	50
3.5	Industrial Reclamation Services Industry	52
3.5.1	The Kingdom utilises AI and IoT across the petrochemical, chemical, oil and gas manufacturing, and reclamation industries to achieve sustainability goals	52
4.	THE COMPANY	56
4.1	Overview of the Company and its Business Activities	56
4.2	Vision and Mission of the Company	57
4.2.1	Vision	57
4.2.2	Mission	57
4.3	Strengths and Competitive Advantages of the Group	57
4.3.1	Established Reputation, Experience, and Long-Term Customer Retention	57
4.3.2	Comprehensive and Integrated Solutions Provider	57
4.3.3	Cost-Effective Solutions and Access to High-Barrier Markets	57

4.3.4	Proactive Support and Operational Resilience	58
4.3.5	Exclusive Technology Partnerships and Innovation Leadership	58
4.3.6	Regulatory Leadership and Industry Certifications	58
4.3.7	Licenses and Strategic Advantages in Industrial Reclamation	58
4.3.8	Scalable Infrastructure and Expansion Readiness	58
4.4	Group Strategies	58
4.4.1	Enhancing the Company's Business – Impact of the Acquisition on the Subsidiary and Areas of Integration Between the Two Companies	58
4.4.2	Mobile Marketplace Development	59
4.4.3	Diversification into Cybersecurity and AI	59
4.4.4	Geographic Expansion into Middle East Markets	60
4.4.5	Strengthening Innovation and Technology Partnerships	60
4.4.6	Focus on Operational Excellence and Best Practices	60
4.4.7	Expansion of the Subsidiary's Regional Reach	60
4.4.8	Capitalizing on the Subsidiary's Branded Customer Base to Acquire New Technologies	60
4.5	Key Developments of the Company since Establishment	60
4.6	Overview of the Company and Evolution of its Capital	61
4.7	Overview of Shareholders	63
4.7.1	Dar AlBalad Commercial Company	63
4.7.2	Najm for Commercial Investment Company	64
4.7.3	Najm AlOlaya Commercial Company	64
4.7.4	Indirect Substantial Shareholders and Ownership Percentage Thereof in the Company	65
4.8	Subsidiaries	66
4.9	Overview of the Group's Main Activities	66
4.9.1	Key Performance Indicators	67
4.9.2	Business Lines	68
4.9.3	Suppliers	80
4.9.4	Customers	82
4.9.5	Sales and Marketing	88
4.10	Intellectual Property	89
4.11	Employees	89
4.11.1	Dar AlBalad for Business Solutions Company	89
4.11.2	The Subsidiary	90
4.11.3	Nationalization	90

4.12	Group's Business Activities and Assets Outside the Kingdom	91
4.13	Research and Development	91
4.14	Awards and Certifications	91
4.15	Administrative Departments	91
4.15.1	Shared Services Department	92
4.15.2	Projects and Application Department	92
4.15.3	Finance Department	93
4.15.4	Strategy Department	93
4.15.5	Legal Affairs Department	93
4.16	Business Continuity	93
5.	ORGANIZATIONAL STRUCTURE AND CORPORATE GOVERNANCE	95
5.1	Board Members and Secretary	96
5.1.1	Composition of the Board of Directors	96
5.1.2	Responsibilities of the Board of Directors	96
5.1.3	Remuneration of the Members of the Board of Directors	99
5.1.4	Biographies of the Members and Secretary of the Board	99
5.2	Board Committees	104
5.2.1	Nomination and Remuneration Committee	104
5.2.2	Audit Committee	106
5.3	Senior Management	109
5.3.1	Biographies of Senior Executives	110
5.3.2	Employment Contracts with the Board Members and Senior Executives	112
5.4	Remuneration of Board Members and Senior Executives	113
5.5	Corporate Governance	113
5.5.1	Overview	113
5.5.2	Key Corporate Governance Requirements	114
5.5.3	Corporate Governance Manual and Internal Charters	114
5.5.4	Corporate Governance Compliance	114
5.6	Conflict of Interest	116
5.7	Direct and Indirect Interests of Board Members, Board Secretary, and Executive Management	116
5.8	Employee Share Scheme	124
5.9	Events of Bankruptcy and Insolvency Involving the Directors	124

6.	MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS	126
6.1	Introduction	126
6.2	Key Factors Affecting the Company's Operations	126
6.3	Directors' Declarations on the Financial Statements	127
6.4	Summary of Significant Accounting Policies and Estimates	128
6.5	Summary of Financial Information and Key Performance Indicators of the Company	135
6.5.1	Summary of the Company's Financial Information	136
6.6	Result of Operations of the Company	138
6.6.1	Statement of Profit and Loss of the Company	138
6.6.2	Statement of financial position	158
6.6.3	Statement of cash flows	178
6.6.4	Financing structure	181
6.7	Result of Operations of the Subsidiary	182
6.7.1	Statement of Profit and Loss of the Subsidiary	182
6.7.2	Statement of financial position	185
6.7.3	Statement of cash flows	190
6.8	Proforma special purpose consolidated financial statements of the Group	193
7.	DIVIDEND DISTRIBUTION POLICY	205
8.	USE OF PROCEEDS	208
9.	CAPITALIZATION AND INDEBTEDNESS	210
10.	EXPERTS' STATEMENT	212
11.	DECLARATIONS	214
12.	LEGAL INFORMATION	218
12.1	Declarations Related to Legal Information	218
12.2	The Company	218
12.3	Shareholding Structure	219
12.4	Subsidiaries	219
12.5	Government Consents, Licenses, and Certificates	220

12.6	Material Agreements	225
12.6.1	Key Customers	225
12.6.2	Saudi Bank -1	225
12.6.3	Listed Insurance Company -1	226
12.6.4	Listed Software and Services Company -1	227
12.6.5	Saudi Bank -2	227
12.6.6	Saudi Bank -3	228
12.6.7	Government Related Entity -2	228
12.6.8	Saudi Bank -6	229
12.6.9	Private Company -1	230
12.6.10	Listed Financial Services Company -1	230
12.6.11	Government Related Entity -3	231
12.6.12	Global Technology Supplier -1	231
12.6.13	Global Industrial Technology Licensor -1	232
12.7	Leases	232
12.8	Transactions and Contracts with Related Parties	233
12.8.1	Contracts with Related Parties	233
12.9	Credit Facilities and Loans	240
12.10	Insurance	242
12.11	Intellectual Property	242
12.11.1	Trademarks	242
12.11.2	Other Intellectual Property Rights	243
12.12	Litigation	243
12.13	Zakat Status of the Company	243
12.14	Summary of Bylaws	243
12.14.1	Company's Name	243
12.14.2	Head Office of the Company	243
12.14.3	Objectives of the Company	243
12.14.4	Duration of the Company	244
12.14.5	Capital of the Company	244
12.14.6	Share Subscription	244
12.14.7	Company's Management	244
12.14.8	Meetings of the Board of Directors	244
12.14.9	Expiration of Board Term, Resignation/ Termination of Board Members, or Membership Vacancy	245

12.14.10	Expiry or Termination of Board Membership	245
12.14.11	Powers of the Board of Directors	245
12.14.12	Remuneration of Board Members and Committee Members	245
12.14.13	Powers of the Chairman, Vice Chairman, Managing Director and Secretary	246
12.14.14	Invitation of General Assembly Meetings	248
12.14.15	Ordinary General Assembly Quorum	248
12.14.16	Extraordinary General Assembly Quorum	248
12.14.17	Voting at Assemblies	249
12.14.18	Preparing Assembly Minutes	249
12.14.19	Financial Year	249
12.14.20	Purchase, Sale or Pledge of Company's Shares	249
12.14.21	Sale of Company's Shares	249
12.14.22	Final Provisions	249
12.15	Rights of Shareholders	249
12.15.1	Voting Rights	249
12.15.2	Rights to Dividends	249
12.15.3	Right to Repurchase Shares	250
12.15.4	Rights in Surplus Assets in Cases of Liquidation and Amendment to the Rights of Shareholders	250
12.15.5	Amendment of Shareholders' Rights	250
13.	UNDERWRITING	252
13.1	Underwriter	252
13.2	Summary of the Underwriting Agreement	252
13.3	Underwriting Costs	252
14.	EXPENSES	254
15.	COMPANY'S POST-LISTING UNDERTAKINGS	256
16.	WAIVERS	258
17.	SUBSCRIPTION TERMS AND CONDITIONS	260
17.1	Subscription to Offer Shares	260
17.2	Book-Building and Subscription by Participating Parties	260
17.3	Subscription by Individual Subscribers	261

17.4	Allocation and Refunds	265
17.4.1	Allocation of Offer Shares to Participating Parties	265
17.4.2	Allocation of Offer Shares to Individual Subscribers	265
17.5	Circumstances where Listing may be Suspended or Cancelled	265
17.5.1	Power to Suspend or Cancel Listing	265
17.5.2	Voluntary Cancellation of Listing	267
17.5.3	Temporary Trading Suspension	267
17.5.4	Lifting of Suspension	267
17.5.5	Re-registering and Listing of Cancelled Securities	268
17.6	Approvals and Decisions under which the Offer Shares are Offered and Listed	268
17.7	Lock-Up Period	268
17.8	Acknowledgments by Subscribers	268
17.9	Shares' Record and Trading Arrangements	268
17.10	Saudi Stock Exchange	268
17.11	Trading in the Company's Shares	269
17.12	Miscellaneous	269
18.	DOCUMENTS AVAILABLE FOR INSPECTION	271
19.	FINANCIAL STATEMENTS AND AUDITOR'S REPORTS	273

List of Tables

Table (1.1):	Members of the Company's Board of Directors	iv
Table (1.2):	Direct Substantial Shareholder and Ownership Percentage Thereof Pre- and Post-Offering	xv
Table (1.3):	Expected Offering Timetable	xx
Table (1.4):	Key Developments of the Company since Establishment	xxviii
Table (1.5):	Summary of the Company's Statement of Profit and Loss, Financial Position, Cash Flows, and Key Financial Indicators for the Financial Years Ended 31 December 2022G, 2023G, 2024G, the Six-Month Period Ended 30 June 2024G, and the Six-Month Period Ended 30 June 2025G	xxxi
Table (2.1):	Due from Related Parties	20
Table (2.2):	Due to Related Parties	21
Table (2.3):	Accounts receivable as at 31 December 2022G, 31 December 2023G, 31 December 2024G, and for the Six-Month Period Ended 30 June 2025G	30
Table (2.4):	Aging of Trade Receivables as at 31 December 2022G	30
Table (2.5):	Aging of Trade Receivables as at 31 December 2023G	31
Table (2.6):	Aging of Trade Receivables as at 31 December 2024G	31
Table (2.7):	Aging of Trade Receivables as at 30 June 2025G	31
Table (3.1):	The Kingdom's Key Macroeconomic Indicators from 2021G to 2029G	41
Table (3.2):	The Kingdom's Key Demographic Indicators from 2021G to 2029G	43
Table (3.3):	The Kingdom's Technology and Digital Indicators from 2021G to 2029G	44
Table (3.4):	The Kingdom's Key Labour Indicators from 2021G to 2024G	45
Table (3.5):	The Kingdom's Market Size of IT Services from 2021G to 2029G	46
Table (3.6):	Selective Leading Competitors in the IT Services Industry in the Kingdom in 2024G	49
Table (3.7):	The Kingdom's Market Size of Business Managed Services from 2021G to 2029G	50
Table (3.8):	The Kingdom's Market Size of IoT Smart Solutions from 2021G to 2029G	51
Table (4.1):	Key Developments of the Company since Establishment:	60
Table (4.2):	The Company's Ownership Structure as at 16/10/1441H (Corresponding to 08/06/2020G)	61
Table (4.3):	The Company's Ownership Structure as at 11/06/1446H (Corresponding to 12/12/2024G)	61

Table (4.4):	The Company's Ownership Structure as at 13/08/1446H (Corresponding to 12/02/2025G)	62
Table (4.5):	The Company's Ownership Structure as at 21/08/1446H (Corresponding to 20/02/2025G)	62
Table (4.6):	The Company's Ownership Structure as at 02/09/1446H (Corresponding to 02/03/2025G)	62
Table (4.7):	The Company's Ownership Structure as at the Date of this Prospectus	62
Table (4.8):	Dar AlBalad Commercial Company's Ownership Structure as at the Date of this Prospectus	63
Table (4.9):	Najm for Commercial Investment Company's Ownership Structure as at the Date of this Prospectus	64
Table (4.10):	Najm AlOlaya Commercial Company's Ownership Structure as at the Date of this Prospectus	64
Table (4.11):	Indirect Substantial Shareholders and Ownership Percentage Thereof in the Company Pre- and Post-Offering	65
Table (4.12):	The Subsidiary's Ownership Structure as at the Date of this Prospectus	66
Table (4.13):	The Group's Key Performance Indicators:	67
Table (4.14):	Breakdown of Group Revenue by Business Line:	68
Table (4.15):	Overview of Group's Recent Projects in Information Technology Managed Services:	69
Table (4.16):	Overview of Group's Recent Projects in Information Technology Consulting Services:	73
Table (4.17):	Overview of Group's Recent Projects in Business Managed Services:	75
Table (4.18):	Overview of Group's Recent Projects in Industrial Reclamation Services:	77
Table (4.19):	Overview of the Group's Recent Projects in the Industrial Maintenance Services Sector:	78
Table (4.20):	Top Ten (10) Suppliers of the Group during FY22G:	81
Table (4.21):	Top Ten (10) Suppliers of the Group during FY23G:	81
Table (4.22):	Top Ten (10) Suppliers of the Group during FY24G:	81
Table (4.23):	Top Ten (10) Suppliers of the Group during the Six-Month Period Ended 30 June 2025G:	82
Table (4.24):	Breakdown of Company Customers and Revenue from each Industry Sector	82
Table (4.25):	Top 10 Customers of the Company for FY22G:	83
Table (4.26):	Top 10 Customers of the Company for FY23G:	83
Table (4.27):	Top 10 Customers of the Company for FY24G:	84
Table (4.28):	Top 10 Customers of the Company for the Six-Month Period Ended 30 June 2025G:	84
Table (4.29):	Top 10 Customers of the Company for FY22G:	85
Table (4.30):	Top 10 Customers of the Company for FY23G:	85

Table (4.31):	Top 10 Customers of the Company for FY24G:	86
Table (4.32):	Top 10 Customers of the Company for the Six-Month Period Ended 30 June 2025G:	86
Table (4.33):	Top 10 Customers of the Subsidiary for FY22G:	87
Table (4.34):	Top 10 Customers of the Subsidiary for FY23G:	87
Table (4.35):	Top 10 Customers of the Subsidiary for FY24G:	88
Table (4.36):	Top 10 Customers of the Subsidiary for the Six-Month Period Ended 30 June 2025G:	88
Table (4.37):	Overview of the Company's Employees:	89
Table (4.38):	Overview of Employees of the Subsidiary:	90
Table (5.1):	The Company's Direct Ownership Structure Pre- and Post-Offering	95
Table (5.2):	Members of the Company's Board of Directors	96
Table (5.3):	Nomination and Remuneration Committee Members	105
Table (5.4):	Members of the Audit Committee	108
Table (5.5):	Senior Management Details	109
Table (5.6):	Summary of Employment Contracts with the Company's Senior Management Members	112
Table (5.7):	Remuneration of Board Members and Senior Executives	113
Table (5.8):	Details of Related Parties' Agreements and Transactions in which a Board Member has an Interest	117
Table (5.9):	Amounts Due from Related Parties	121
Table (5.10):	Amounts Due to Related Parties	123
Table (6.1):	The sold or excluded asset is deleted and depreciated from the accounts on the date of sale or disposal. The useful lives of property, machinery and equipment are estimated according to their main items as follows:	130
Table (6.2):	Summary of the Company's financial information	136
Table (6.3):	Statement of profit and loss for the financial years ended 31 December 2022G, 2023G, 2024G and six-month periods ended 30 June 2024G and 30 June 2025G:	138
Table (6.4):	Key performance indicators and operational metrics for the financial years ended 31 December 2022G, 2023G, 2024G and six-month periods ended 30 June 2024G and 30 June 2025G:	139
Table (6.5):	Revenue for the financial years ended 31 December 2022G, 2023G, 2024G and six-month periods ended 30 June 2024G and 30 June 2025G:	143
Table (6.6):	Cost of revenue for the financial years ended 31 December 2022G, 2023G, 2024G and six-month periods ended 30 June 2024G and 30 June 2025G:	147

Table (6.7):	General and administrative expenses for the financial years ended 31 December 2022G, 2023G, 2024G and six-month periods ended 30 June 2024G and 30 June 2025G:	150
Table (6.8):	Employee costs for the financial years ended 31 December 2022G, 2023G, 2024G and six-month periods ended 30 June 2024G and 30 June 2025G:	155
Table (6.9):	Other income for the financial years ended 31 December 2022G, 2023G, 2024G and six-month periods ended 30 June 2024G and 30 June 2025G:	156
Table (6.10):	Investment income for the financial years ended 31 December 2022G, 2023G, 2024G and six-month periods ended 30 June 2024G and 30 June 2025G:	157
Table (6.11):	Finance costs for the financial years ended 31 December 2022G, 2023G, 2024G and six-month periods ended 30 June 2024G and 30 June 2025G:	157
Table (6.12):	Statement of financial position as at 31 December 2022G, 2023G and 2024G and 30 June 2025G :	158
Table (6.13):	Current assets as at 31 December 2022G, 2023G and 2024G and 30 June 2025G :	159
Table (6.14):	Cash and cash equivalents as at 31 December 2022G, 2023G and 2024G and 30 June 2025G :	160
Table (6.15):	Trade receivables as at 31 December 2022G, 2023G and 2024G, 2024G and 30 June 2025G:	160
Table (6.16):	Trade receivables ageing as of 31 December 2022G, 31 December 2023G, 31 December 2024G, and the six-month period ending 30 June 2025G.	161
Table (6.17):	Other receivables as at 31 December 2022G, 2023G and 2024G, and 30 June 2025G:	162
Table (6.18):	Investment portfolios at fair value through profit or loss as at 31 December 2022G, 2023G and 2024G, and 30 June 2025G:	164
Table (6.19):	Unbilled revenues as at 31 December 2022G, 2023G and 2024G, and 30 June 2025G:	164
Table (6.20):	Non-current assets as at 31 December 2022G, 2023G and 2024G and 30 June 2025G:	165
Table (6.21):	Property, plant and equipment as at 31 December 2022G, 2023G and 2024G, and 30 June 2025G:	165
Table (6.22):	Net book value of property, plant and equipment as at 31 December 2022G, 2023G and 2024G, and 30 June 2025G:	166
Table (6.23):	Right-of-use assets as at 31 December 2022G, 2023G and 2024G, and 30 June 2025G:	167
Table (6.24):	Lease liabilities as at 31 December 2022G, 2023G and 2024G, and 30 June 2025G:	168
Table (6.25):	Current liabilities as at 31 December 2022G, 2023G and 2024G, and 30 June 2025G:	169
Table (6.26):	Short-term loans as at 31 December 2022G, 2023G and 2024G, and 30 June 2025G:	170
Table (6.27):	Trade payables ageing as of 31 December 2022G, 31 December 2023G, 31 December 2024G, and the six-month period ending 30 June 2025G.	170
Table (6.28):	Other payables as at 31 December 2022G, 2023G and 2024G, and 30 June 2025G:	171
Table (6.29):	Provision for estimated Zakat as at 31 December 2022G, 2023G and 2024G, and 30 June 2025G:	173

Table (6.30):	Non-current liabilities as at 31 December 2022G, 2023G and 2024G, and 30 June 2025G:	173
Table (6.31):	Long-term employee benefits obligations as at 31 December 2022G, 2023G and 2024G, and 30 June 2025G:	174
Table (6.32):	Due from related party as at 31 December 2022G, 2023G and 2024G, and 30 June 2025G:	175
Table (6.33):	Loan from related party – owner as at 31 December 2022G, 2023G and 2024G, and 30 June 2025G:	176
Table (6.34):	Due to related party as at 31 December 2022G, 2023G and 2024G, and 30 June 2025G:	176
Table (6.35):	Equity as at 31 December 2022G, 2023G and 2024G, and 30 June 2025G:	177
Table (6.36):	Statement of cash flows for the financial years ended 31 December 2022G, 2023G, 2024G and six-month periods ended 30 June 2024G and 30 June 2025G:	178
Table (6.37):	Financing structure for the financial years ended 31 December 2022G, 2023G and 2024G and 30 June 2025G:	181
Table (6.38):	Statement of profit and loss for the financial years ended 31 December 2022G, 2023G and 2024G as well as the six-month periods ended 30 June 2024G and 30 June 2025G:	182
Table (6.39):	Statement of financial position as at 31 December 2022G, 2023G and 2024G and 30 June 2025G:	185
Table (6.40):	Statement of cash flows for the financial years ended 31 December 2022G, 2023G, 2024G and the six-month periods ended 30 June 2024G and 30 June 2025G:	190
Table (6.41):	Proforma special purpose consolidated statement of profit and loss for the financial years ended 31 December 2022G, 2023G and 2024G:	193
Table (6.42):	Proforma special purpose consolidated statement of financial position as at 31 December 2022G, 2023G and 2024G:	197
Table (6.43):	Proforma special purpose consolidated statement of cash flows for the financial years ended 31 December 2022G, 2023G and 2024G:	201
Table (7.1):	Dividends Declared and Distributed by the Company during the Financial Years ended 31 December 2022G, 31 December 2023G, 31 December 2024G, and the Six-Month Period Ended 30 June 2025G:	205
Table (9.1):	Capitalization and Indebtedness of the Company	210
Table (12.1):	Company's Shareholding Structure Pre-and Post-Offering as at the Date of this Prospectus	219
Table (12.2):	Material Subsidiaries in which the Company Holds Interests	220
Table (12.3):	Details of the Company's Unified Commercial Register Certificate	220
Table (12.4):	Details of the Commercial Registration Certificates of the Company's Branches	220
Table (12.5):	Details of the Unified Commercial Registration Certificate of the Subsidiary	221
Table (12.6):	Details of the Commercial Registration Certificates of the Subsidiary's Branches	221
Table (12.7):	Details of the Chamber of Commerce Membership Certificate obtained by the Company	221

Table (12.8):	Details of the Chamber of Commerce Membership Certificates of the Company's Branches	221
Table (12.9):	Details of the Chamber of Commerce Membership Certificates of the Subsidiary	222
Table (12.10):	Details of the Chamber of Commerce Membership Certificates of the Subsidiary's Branches	222
Table (12.11):	Details of the Main Municipal Licenses Obtained by the Company	222
Table (12.12):	Details of the Main Municipal Licenses Obtained by the Company's Branches	222
Table (12.13):	Details of the Main Civil Defense Licenses of the Company	223
Table (12.14):	Details of the Main Civil Defense Licenses of the Company's Branches	223
Table (12.15):	Details of the Licenses Obtained by the Company from the Communications, Space & Technology Commission	223
Table (12.16):	Details of the Licenses Obtained by the Subsidiary from the Saudi Authority for Industrial Cities and Technology Zones (MODON)	224
Table (12.17):	Details of the Licenses Obtained by the Subsidiary from the National Center for Environmental Compliance	224
Table (12.18):	Details of the Licenses Obtained by the Subsidiary from the Ministry of Industry and Mineral Resources (MIMR)	224
Table (12.19):	Details of the Classification Certificates Obtained by the Company from the Ministry of Municipalities and Housing	224
Table (12.20):	Details of the Certificates Obtained by the Company from the International Organization for Standardization (ISO)	224
Table (12.21):	Master Agreement for Establishing and Supporting a Digital Factory Between the Company and Saudi Bank -1	225
Table (12.22):	Master Agreement Between the Company and Saudi Bank -1	225
Table (12.23):	Agreement to Provide Backend Development Services Between the Company and Saudi Bank -1	226
Table (12.24):	Framework Agreement for the Provision of IT Managed Services Between the Company and Listed Insurance Company -1	226
Table (12.25):	Framework Agreement for the Provision of IT Resources Between the Company and Listed Software and Services Company -1	227
Table (12.26):	IT Consultancy Agreement Between the Company and Saudi Bank -2	227
Table (12.27):	Consulting, Operation and Development of Banking Systems Agreement Between the Company and Saudi Bank -3	228
Table (12.28):	Agreement for the Provision of Information Technology Services Between the Company and Government Related Entity -2	228
Table (12.29):	Agreement for the Provision of IT and Technical Support Services Between the Company and Saudi Bank -6	229
Table (12.30):	Framework Agreement Between the Company and Private Company -1	230
Table (12.31):	Agreement for Providing On-Site Technical Support for Devices and Systems Between the Company and Listed Financial Services Company -1	230
Table (12.32):	Agreement for Providing Support Services in Technology and Digital Innovation Matters Between the Company and Government Related Entity -3	231

Table (12.33):	Reseller Program Agreement Between the Company and Global Technology Supplier -1	231
Table (12.34):	Technology License and Technical Services Agreement Between the Subsidiary and Global Industrial Technology Licensor -1	232
Table (12.35):	Details of Transactions with Related Parties	234
Table (12.36):	Amounts Due from Related Parties	238
Table (12.37):	Amounts Due to Related Parties	239
Table (12.38):	The Facility Agreement Entered into with the Saudi Investment Bank in the amount of SAR 10.000.000 dated 12/11/1445H (corresponding to 20/05/2024G) to finance (i) a Murabaha sale and purchase of goods; and (ii) the issuance of letters of guarantee. (the "SAIB Facility Agreement")	240
Table (12.39):	Insurance Policy Details	242
Table (12.40):	Details of the Company's Registered Trademarks	242
Table (12.41):	Details of Internet Domain Names	243
Table (13.1):	Underwritten Shares	252



List of Figures

Figure (4.1):	Company's Ownership Structure as at the Date of this Prospectus	63
Figure (5.1):	The Company's Organizational Structure	95



DEFINITIONS AND ABBREVIATIONS

1. DEFINITIONS AND ABBREVIATIONS

1.1 Glossary

Term	Definition
Acting in Concert	Actively cooperating, pursuant to an agreement or an understanding (whether formal or informal) between persons, to control a company (whether directly or indirectly, excluding indirect ownership of shares through swap agreements or through an investment fund whose unit owner have no discretion in its investment decisions), through the acquisition by any of them (through direct or indirect ownership) of voting shares in that company. Moreover, " concert parties " shall be construed accordingly.
Advisors	The Company's advisors in connection with the Offering, whose names appear on pages (vi) and (vii) of this Prospectus.
Affiliate	A person who controls another person or is controlled by that other person, or who is under common control with that person by a third person. In any of the preceding, control could be direct or indirect.
Application Form	The Subscription Application Form that the Participating Parties use to apply for Offer Shares during the Book-building period.
Audit Committee	The Company's Audit Committee.
Audited Financial Statements for the Financial Year Ended 31 December 2023G	The Company's audited financial statements for the financial year ended 31 December 2023G, and notes thereto, in accordance with IFRS-KSA and other standards and pronouncements as endorsed by SOCPA and prepared by the Independent Auditor, Talal Abu-Ghazaleh & Co. (Certified Public Accountants).
Audited Financial Statements for the Financial Year Ended 31 December 2024G	The Company's audited financial statements for the financial year ended 31 December 2024G, and notes thereto, in accordance with IFRS-KSA and other standards and pronouncements as endorsed by SOCPA and prepared by the Independent Auditor, Talal Abu-Ghazaleh & Co. (Certified Public Accountants).
Board Members or Members of the Board of Directors	Members of the Company's Board of Directors appointed by the General Assembly whose names appear in Section 5.1 (" Board Members and Secretary ") of this Prospectus.
Board or Board of Directors	The Company's Board of Directors.
Book-Building Instructions and Allocation Method in Initial Public Offerings	Book-Building Instructions and Allocation Method in Initial Public Offerings (IPOs) issued by the Board of the CMA pursuant to its Board resolution No. 2-94-2016 dated 15/10/1437H (corresponding to 20/07/2016G), as amended.
Branch	Company branch registered in the commercial registry as an independent branch, through which profits are collected.
Business Day	Any business day for Receiving Entities in the Kingdom (with the exception of Fridays, Saturdays and official holidays).
Bylaws	The Company's Bylaws, approved by the General Assembly.
Capital Market Institution	A person authorized by CMA to carry out securities business.
Capital Market Law	The Capital Market Law issued by Royal Decree Number M/30 dated 02/06/1424H (corresponding to 31/07/2003G), as amended.
Chairman	The Chairman of the Company's Board of Directors.
CEO	The Company's Chief Executive Officer.
CMA	The Capital Market Authority in Saudi Arabia.
Companies Law	The Companies Law, issued under Royal Decree No. M/132 dated 01/12/1443H (corresponding to 30/06/2022G), as amended.
Company or Issuer	Dar AlBalad for Business Solutions Company.

Term	Definition
Competition Law	The Competition Law issued under Royal Decree No. M/75 dated 29/06/1440H (corresponding to 06/03/2019G), as amended.
Condensed Consolidated Interim Financial Statements for the Six-Month Period Ended 30 June 2025G	The condensed consolidated interim financial statements for the Six-Month Period Ended 30 June 2025G, prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted in the Kingdom of Saudi Arabia, prepared by Talal Abu-Ghazaleh & Co. (Certified Public Accountants).
Control	Pursuant to the Glossary of Defined Terms used in the Regulations and Rules of the Capital Market Authority, "Control" means the ability to influence the actions or decisions of another person through, whether directly or indirectly, alone or with a relative or affiliate: (i) holding 30% or more of the voting rights in a company; or (ii) having the right to appoint 30% or more of the members of the governing body, and a "controller" shall be construed accordingly.
Corporate Governance Regulations	The Corporate Governance Regulations in KSA issued by CMA's Board pursuant to Resolution No. 8-16-2017 dated 16/05/1438H, as amended.
Current Shareholders	Dar AlBalad Commercial Company, Najm for Commercial Investment Company and Najm AlOlaya Commercial Company.
Extraordinary General Assembly	An extraordinary General Assembly of the Shareholders convened in accordance with the Company's Bylaws.
Financial Advisor, Lead Manager, and Underwriter	AlJazira Capital
Financial Year	The Company's financial year commencing from January 1 to December 31 of each Gregorian year.
Foreign Strategic Investor	A foreign legal person that aims to acquire a direct ownership interest in the shares of a listed company for a period of not less than two years, for the purpose of contributing to the enhancement of the financial or operational performance of such listed company.
FY22G	The period commencing 01/01/2022G and ending 31/12/2022G.
FY23G	The period commencing 01/01/2023G and ending 31/12/2023G.
FY24G	The period commencing 01/01/2024G and ending 31/12/2024G.
G	Gregorian.
GAC	The General Authority for Competition in Saudi Arabia.
General Assembly	An Extraordinary General Assembly or an Ordinary General Assembly.
Government	Government of Saudi Arabia, and "Governmental" shall be interpreted accordingly.
Group	The Company and its Subsidiary.
H	Hijri.
Head Office	The Company's head office in Riyadh.
IFRS-KSA	The International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements that are endorsed by SOCPA.
Independent Auditor	Talal Abu-Ghazaleh & Co. (Certified Public Accountants)
Individual Subscriber	Saudi Arabian natural persons, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi person who can subscribe in her own name or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor children; and any non-Saudi Arabian natural persons either residing or not residing in the Kingdom who have an investment account and an active portfolio with a Receiving Entity or have the right to open an investment account with a Capital Market Institution.
Joint Bookrunners	AlJazira Capital and Emirates NBD Capital KSA
Kingdom, KSA, or Saudi Arabia	The Kingdom of Saudi Arabia.

Term	Definition
Labor Law	The Saudi Labor Law issued under Royal Decree No. M/51 dated 23/08/1426H (corresponding to 27/09/2005G), as amended by Royal Decree No. M/5 dated 07/01/1442H (corresponding to 26/08/2020G), as amended.
Listing	Admission to listing of the Company's Shares on the Exchange in accordance with the Listing Rules.
Listing Rules	The Listing Rules of Tadawul issued by CMA Board Resolution No. 3-123-2017 dated 09/04/1439H (corresponding to 27/12/2017G), as amended.
Lock-up Period	A six-month period during which the Substantial Shareholder may not dispose of any of its shares starting from the date of Listing the Shares on the Saudi Stock Exchange.
Main Exchange	The Exchange in which the Shares will be registered and offered pursuant to Part 4 of the OSCOs.
Management	Executive Board Members and senior executives of the Company.
Market Study	Market study prepared by the Market Study Consultant regarding the IT Sector and Oil Reclamation Services on 27/10/1446H (corresponding to 25/04/2025G).
Market Study Consultant	Euromonitor International Limited.
MHRSD	The Ministry of Human Resources and Social Development in the Kingdom.
MoC	The Ministry of Commerce in the Kingdom.
MODON	The Saudi Authority for Industrial Cities and Technology Zones (MODON).
MoMAH	The Ministry of Municipalities and Housing in the Kingdom.
Nationalization	Nationalization requirements applicable to the labor market in Saudi Arabia.
Nationalization Rate	The percentage of employees within any workforce who are deemed to count towards the level of Nationalization within the workforce of any company, including Saudi nationals and persons married to Saudi nationals, with certain categories of persons, such as disabled Saudi national employees, given greater weighting when counted towards the Nationalization level.
Nomination and Remuneration Committee	The Company's Nomination and Remuneration Committee.
Offer Price	Nine Saudi Riyals and seventy-five Halalas (SAR 9.75).
Offer Shares	Twenty-one million (21,000,000) Ordinary Shares, representing 30% of the Company's capital.
Offering	The initial public offering of the Company's Shares in accordance with the terms set forth in this Prospectus.
Offering Period	The Offering Period starts on Sunday, 23/11/1447H (corresponding to 10/05/2026G), and will remain open for a period of five (5) days up to and including the last Offering day on Thursday, 27/11/1447H (corresponding to 14/05/2026G).
Ordinary General Assembly	An ordinary General Assembly of the Shareholders convened in accordance with the Company's Bylaws.
Person	Any natural or legal person recognized as such under the laws of the Kingdom.
Pro Forma Financial Statements	The unaudited pro forma financial statements of the Company and its material Subsidiaries for the Financial Years ended 31 December 2022G, 31 December 2023G and 31 December 2024G, as prepared by Talal Abu-Ghazaleh & Co. (Certified Public Accountants).

Term	Definition
Participating Parties	Parties eligible to participate in the book-building process pursuant to the Book-Building Instructions, namely: 1- public and private funds that invest in securities listed on the Exchange, if permissible according to the terms and conditions of such funds, in accordance with the provisions and restrictions set forth in the Investment Fund Regulations and the Book-Building Instructions; 2- Capital Market Institutions licensed to deal as principal, in accordance with the Prudential Rules when submitting the Subscription Application Form; 3- customers of a Capital Market Institution authorized by CMA to conduct managing activities in accordance with the provisions and restrictions set forth in the Book-Building Instructions; 4- legal persons allowed to open an investment account in the Kingdom and an account with the Securities Depository Center (Edaa), including foreign legal persons who are allowed to invest in the Exchange in which the shares of the Issuer are to be listed, subject to the investment requirements of companies listed on the security market, as stipulated in CMA's Circular No. 6/05158 dated 11/08/1435H (corresponding to 09/06/2014G) based on the Capital Market Authority's Board resolution No. 9-28-2014 dated 20/07/1435H (corresponding to 19/05/2014G); 5- Government entities and any supranational authority recognized by CMA, the Exchange or any other exchange recognized by CMA or the Securities Depository Center (Edaa); 6- companies owned by the Government, directly or through a portfolio manager; and 7- GCC companies and GCC funds if the terms and conditions of the fund so permit.
Prospectus	This document prepared by the Company in relation to the Offering.
Prudential Rules	The Prudential Rules issued pursuant to the CMA Board Resolution No. 1-40-2012 dated 17/02/1434H (corresponding to 20/12/2012G), as amended.
Public	Persons other than the following: 1- Affiliates of the Issuer; 2- Substantial Shareholders of the Issuer; 3- Directors and Senior Executives of the Issuer; 4- Directors and Senior Executives of the Affiliates of the Issuer; 5- Directors and Senior Executives of the Substantial Shareholders of the Issuer; 6- any relative of persons described at 1, 2, 3, 4, or 5 above; 7- any company controlled by any persons described at 1, 2, 3, 4, 5 or 6 above; and 8- Persons acting in concert and, collectively, holding 5% or more of the class of shares to be listed.
Receiving Entities	The Receiving Entities whose names are stated on pages (viii),(ix) and (x).
Related Party(ies)	In this Prospectus and pursuant to the Glossary of Defined terms used in the Regulations and Rules of the CMA, a "Related Party" includes any of the following: 1- Affiliates of the Issuer, except for wholly owned companies; 2- Substantial Shareholders of the Issuer; 3- Directors and Senior Executives of the Issuer; 4- Directors of an Affiliate of the Issuer; 5- Directors and Senior Executives of Substantial Shareholders of the Issuer; 6- any relatives of persons described at 1, 2, 3, 4 or 5 above; and 7- any company controlled by any persons described at 1, 2, 3, 4, 5 or 6 above. For the purposes of the abovementioned paragraph 6, a relative means a father, mother, husband, wife and children.
Relatives	A relative includes the husband, wife and minor children. For purposes of the Corporate Governance Regulations, a "Relative" includes any of the following: • fathers, mothers, grandfathers, grandmothers and (ancestors) thereof; • children, grandchildren and (descendants) thereof; • brothers, sisters and half-siblings; and • husbands and wives.

Term	Definition
Rules for Foreign Investment in Securities	The Rules for Foreign Investment in Securities issued by the Board of the CMA pursuant to resolution number 2-26-2023 dated 05/09/1444H (corresponding to 27/03/2023G), as amended.
Rules on the Offer of Securities and Continuing Obligations (OSCOs)	The Rules on the Offer of Securities and Continuing Obligations issued by the Board of the CMA pursuant to its resolution number 3-123-2017 dated 09/04/1439H (corresponding to 27/12/2017G), as amended.
Saudi Exchange, Tadawul, the Exchange	Saudi Exchange Company.
Saudi Riyal(s) or SAR	Saudi Arabian Riyal(s), the official currency of Saudi Arabia.
Secretary	The secretary of the Board of Directors.
Senior Executives	Any natural person tasked with assuming management and supervision roles, alone or jointly with others, upon the request of the Board of Directors or a member of the Board of Directors of the Company. A Senior Executive may report to the Board of Directors directly, a member of the Board of Directors, or the CEO.
Shareholder(s)	Any holder of Shares in the Company.
Shares	Any fully paid up ordinary shares in the Company with a nominal value of SAR 1 per share.
Six-Month Period Ended 30 June 2025G	The period commencing 01/01/2025G and ending 30/06/2025G.
Special Purpose Financial Statements for the Financial Year ended 31 December 2022G	The special purpose financial statements prepared for the Company for the Financial Year ended 31 December 2022G, in accordance with IFRS-KSA by the Independent Auditor Talal Abu-Ghazaleh & Co. (Certified Public Accountants). The Company issued its statutory financial statements for the Financial Year Ended 31 December 2022G in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, prepared and audited by another auditor. As part of the transition to International Financial Reporting Standards, the Company prepared special purpose financial statements illustrating the effect of the accounting transition, and the transition entries were reviewed by Talal Abu-Ghazaleh & Co. (Certified Public Accountants).
Statutory Financial Statements for the Financial Year Ended 31 December 2022G	The statutory financial statements prepared for the Financial Year Ended 31 December 2022G in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, as endorsed in the Kingdom of Saudi Arabia, prepared and audited by another auditor.
Subscribers	Participating Parties and Individual Subscribers.
Subscription Form	The Subscription Application Form that the Subscriber uses to apply for Offer Shares.
Subsidiary	GSC Solutions (formerly Global Specialty Chemicals Company). The name stated in the financial statements for the Six-Month Period Ended 30 June 2025G was Global Specialty Chemicals Company (single person company). The name was changed after the relevant financial period on 10/04/1447H (corresponding to 02/11/2025G).
Substantial Shareholder or Selling Shareholder	Dar AlBalad Commercial Company
Underwriting Agreement	The underwriting agreement entered into between the Company, the Selling Shareholder and the Underwriter in connection with the Offering.
Value Added Tax (VAT)	Value Added Tax, also known as Goods and Services Tax.
Zakat	Zakat imposed on Muslims under the relevant laws.
The Zakat, Tax and Customs Authority (ZATCA)	The Zakat, Tax and Customs Authority in Saudi Arabia (formerly known as the General Authority of Zakat and Tax).

1.2 Specific Terms

Term	Definition
AI Technology	Artificial intelligence-based technologies that analyze data and perform tasks automatically and intelligently.
Artificial Intelligence	Technologies that enable systems to analyze data and make decisions or perform tasks in a way that mimics human intelligence.
Business Solutions	Services and technologies that help establishments improve their operations and achieve their goals more efficiently.
Closed Amine Systems	Industrial systems where amines are used in a closed loop to treat gases or liquids for the purpose of preventing leakage.
Connectivity Solutions	Systems and technologies that enable communication between individuals and establishments across various communications networks.
Cybersecurity	Technologies and procedures aimed at protecting information systems and networks from breaches and cyber-attacks.
Digital Infrastructure	Hardware, software, and networks that support the delivery of digital services and solutions in businesses.
Digital Transformation	The process of transforming traditional processes into digital ones using modern technologies to improve efficiency and services.
Distillation	The process of separating the components of a liquid mixture based on differences in their boiling points to obtain pure substances.
Distillation Technology	Industrial technologies that rely on distillation to separate and purify liquids or chemicals.
Enterprise Applications	Software and systems used within establishments to manage operational and administrative processes.
Industrial Reclamation Services	Services aimed at removing chemical impurities from industrial materials using specialized techniques to ensure the quality of the final product.
Information Communications Telecommunications (ICT)	Technologies and systems used to collect, process, store, transmit and communicate information.
Internet of Things (IoT)	A network of Internet-connected devices that automatically exchange data to improve efficiency and deliver smart services.
Ion Exchange	A chemical process in which ions are exchanged between a solution and a solid to purify liquids.
Ion Exchange Technology	Technologies that use specialized materials to remove or replace undesirable ions from liquids or solutions.
IoT Smart Solution	Systems that connect devices and equipment over the Internet to collect and analyze data and manage operations intelligently and efficiently.
IT Consulting Services	Services that provide technical consulting to companies in planning, implementing and developing IT solutions.
IT Managed Services	Continuous management, maintenance, and support services for IT systems in establishments provided by a specialized third party.
IVR	A system that allows callers to interact with voice menus via telephone to obtain services or information automatically.
Modems	Devices that convert digital signals to analog and vice versa to enable data transmission over communication networks.
Software Development	The process of designing, programming, testing, and updating software to meet the needs of users and businesses.
Technology and Digitalization Sector	A sector that includes all activities related to the development and application of digital technologies in business and services.



دار البلد لحلول الأعمال
DAR ALBALAD FOR BUSINESS SOLUTIONS



RISK FACTORS



2. RISK FACTORS

Prospective Subscribers should carefully consider the risk factors set out below, along with the other information contained in this Prospectus, prior to making an investment decision with respect to the Offer Shares. The risks described below are those that the Company currently believes may affect it and any investment in the Offer Shares. However, the risks listed below do not necessarily constitute all risks affecting the Company or associated with an investment in the Offer Shares. There may be additional risks and uncertainties that the Directors currently are not aware of or that the Directors currently believe are immaterial. The occurrence of any such risks may materially or adversely affect the Company's business, results of operations, financial position, and prospects. As a result of such risks, the price of the Shares may decline, the Company's ability to pay dividends may be impaired, and investors may lose all, or part of, their investment.

The Company's business, results of operations, financial position, and prospects may be materially or adversely affected, and the Company may not be able to pay dividends, the price of Shares may decline, and investors may lose all, or part of, their investment, if any of the risks referred to below or any other risks not identified by Directors, or that are not material at the present time are realized or become material. As a result of these risks and other factors that may affect the Company's business, the expected events and circumstances in the future that have been presented in this Prospectus may not happen in the way expected by the Company or the Directors, or they may not happen at all. Consequently, investors should consider all future statements contained in this Prospectus in light of this interpretation and not rely on these statements without verifying them (for more information, please refer to Section ("Important Notice") on page (i) of this Prospectus).

Moreover, the Directors confirm that, to the best of their knowledge and belief, there are no other material risks as at the date of this Prospectus, other than as disclosed in this Section, which may affect investors' decisions to invest in the Offer Shares. All prospective investors willing to subscribe to the Offer Shares should conduct an assessment of the risks related to the Company's Offer Shares and the Offering in general and the economic and regulatory environment in which the Company operates.

Investment in the Offer Shares is only suitable for investors who are capable of evaluating the investment risks and merits, and who have sufficient resources to bear any loss which might result from such investment. Prospective Investors who have doubts about which actions to take should seek the advice of a financial advisor duly licensed by the CMA regarding investing in the Offer Shares.

The risks outlined below are not presented in order of their importance or potential impact on the Company. Other risks, currently unknown or considered immaterial by the Company at this time, may arise and could have similar consequences or effects as those mentioned in this Prospectus. Accordingly, the risks described in this Section, or in any other part of this Prospectus, may: (a) not encompass all risks that could affect the Company, its operations, activities, assets, or the markets in which it operates; or (b) not include all risks associated with investing in the Offer Shares.

2.1 Risks Related to the Company's Operations

2.1.1 Risks Related to the Provision of Information Technology Services

The Company provides IT services to a diverse group of customers across both the public and private sectors. The IT services sector is characterized by rapid technological advancement, the continuous introduction of new products and improvements, and high customer expectations. The Company's future success depends on its ability to continually develop, market, and deliver attractive IT services and solutions to both current and prospective customers in a timely, efficient, and competitively priced manner. This requires the Company to anticipate and respond to fast and ongoing technological changes, and to keep pace with sector developments and IT services and solutions offered by new entrants to meet its customers' evolving needs. The Company is planning to explore opportunities to expand its service offerings to include application development and operations, Internet of Things (IoT), Cybersecurity, and Artificial Intelligence (AI). A specific budget has been allocated to support these efforts, including the recruitment of necessary talent to drive development in FY25G. Additionally, the Company will seek to establish strategic alliances with global firms and promote these new services with the objective of securing projects in these areas. If the Company fails to adapt its services, solutions, expansion plans, and development efforts to meet technological changes or customer requirements, or fails to establish effective strategic alliances, its ability to build and maintain a competitive advantage and sustain growth may be adversely affected. This could have a material adverse impact on the Company's business, results of operations, financial position, and prospects.

Developments within the industries served by the Company may shift demand toward new types of services and solutions. If the Company's customers begin to demand new software, services, or solutions, the Company may face challenges competing in these emerging areas or may need to invest significantly to meet such demand. The Company currently operates in an environment with numerous new entrants offering innovative services and solutions and anticipates the entry of additional competitors into the sector. These new offerings may reduce the attractiveness or competitiveness of the Company's current offerings. The Company may not be able to accurately anticipate changes or respond to customer requirements or market shifts in a timely and effective manner. If the Company fails to adapt to these changes or cannot convince customers of the value of its services and solutions in light of new technologies or competitor offerings, this may have a material adverse effect on the Company's business, results of operations, financial position, and prospects.

2.1.2 Risks Related to Customer Retention and Procurement of Additional Work from Existing Customers

The Company contracts with customers to provide IT services and technical support (for more information about the summary of the Company's material agreements with existing customers, please see Section 12.6 ("Material Agreements") of this Prospectus). The Company's contracts with its current customers in the managed IT services, IT Consulting Services, and managed business services sectors constitute its main source of revenue, with these sectors contributing an average of 46.3%, 37.2%, and 14.9% of total revenue during the Financial Years Ended 31 December 2022G, 2023G, and 2024G, and the Six-Month Period Ended 30 June 2025G, respectively. The Company's ability to grow its revenues during these periods through increased staffing directly impacts its capacity to secure new projects with existing customers and attract new customers each year. The Company has largely relied on a stable customer base in terms of number, with customer counts of 65, 59, 60, 60, and 725 during the Financial Years 2022G, 2023G, and 2024G, and the Six-Month Periods Ended 30 June 2024G and 2025G, respectively. In addition, the Company's top 5 customers contributed an average of 49.5% during the historical period, representing 49.7%, 48.2%, 50.5%, 52.5%, and 46.2% of total revenues for the Financial Years Ended 31 December 2022G, 31 December 2023G, and 31 December 2024G, and the Six-Month Periods Ended 30 June 2024G and 30 June 2025G, respectively. Meanwhile, the key ten customers contributed an average of 71.4% during the historical period, representing 73.4%, 72.1%, 72.1%, 74.5%, and 64.9% of total revenues during the same periods, respectively. This reflects a high degree of concentration in the Company's customer base. The Company's success thus largely depends on its ability to retain its existing customers (i.e. customers with whom the Company has previously signed contracts and for whom it continues to execute work) and secure additional work from them, but also its ability to attract new customers. The contracts entered into by the Company with its customers do not give it the right to be the exclusive provider of services and solutions. The Company's ability to retain its existing customers and gain new customers depends on its ability to maintain high standards of service. If the Company's customers are not satisfied with the quality of the Company's work, the types of services or technologies provided, or otherwise seek to renegotiate their contracts for any reason including to reduce their own costs, the Company may incur additional costs to address the situation and its profits will be affected. Moreover, variation orders or claims from customers related to out-of-scope activities can arise from time to time. If the Company is unable to meet the service requirements of any customer on an on-going basis, this will lead to the disruption of the customer's business, which could have an adverse effect on the Company's reputation, lead to the loss of customers, and affect the Company's ability to secure new projects.

The Company's revenue is heavily dependent on the continuation of ongoing projects with customers and the stability of demand for services. The Company generated revenue of SAR 157.9 million, SAR 195.5 million, (an increase of SAR 37.6 million compared to 2022G), SAR 243.3 million (an increase of SAR 47.9 million compared to 2023G), and SAR 155.8 million (an increase of SAR 41.1 million compared to the corresponding period of 2024G) for the Financial Years Ended 31 December 2022G, 2023G, and 2024G, and the Six-Month Period Ended 30 June 2025G, respectively, achieving revenue growth of 23.8% for the Financial Year Ended 31 December 2023G, growth of 24.5% for the Financial Year Ended 31 December 2024G, and revenue growth of 35.9% for the Six-Month Period Ended 30 June 2025G compared to the same period of 2024G. This growth is mainly attributable to an increase in the number of services provided by the Company to its customers, as well as an increase in the number of employees assigned at customer sites, which increased from 497 employees in 2022G to 624 employees in 2023G, and then to 769 employees in 2024G. The number of employees also increased from 722 in the Six-Month Period Ended 30 June 2024G to 855 employees in the Six-Month Period Ended 30 June 2025G, driven by demand from existing customers. However, the continuation of this growth is materially dependent on the Company's ability to attract and recruit sufficient human resources to meet its customers' needs, and on the continued demand from existing customers. If demand decreases, or if the Company fails to attract qualified employees or retain them, this may adversely affect the Company's revenues, profitability, and prospects. This growth was partially offset by a 1.3% decline in the Company's average monthly revenue per employee in FY23G, particularly within the Business Managed Services sector, where the average monthly revenue per employee declined by 23.6% in the same financial year. Any material decrease in customer demand or changes in customer needs may adversely affect the Company's financial performance and future business results.

In January 2025G, the Company acquired GSC Solutions, (formerly Global Specialty Chemicals Company), which contributed to diversifying the Group's revenue sources to include the provision of specialized industrial solutions services, which include Industrial Reclamation Services, Industrial Maintenance Services, which includes the inspection, supply, and supervision of specialized industrial products), and industrial supply services, including the supply of specialty chemicals. However, based on the unaudited Pro Forma Financial Statements of the acquired company, GSC Solutions (formerly Global Specialty Chemicals Company), which were prepared for illustrative purposes only to present performance as if the acquisition had occurred from the beginning of the relevant periods, and do not reflect the Group's actual financial statements, the Subsidiary's revenues represented 13.4%, 19.1%, and 11.2% of the Group's total revenues for the years ended 31 December 2022G, 31 December 2023G, and 31 December 2024G, respectively. With respect to the Six-Month Period Ended 30 June 2025G, the Subsidiary's revenues represented 9.1% of the Group's total revenues, based on the condensed interim consolidated preliminary financial statements for the Six-Month Period Ended 30 June 2025G. Although this acquisition added three additional business segments to the Group's operations, the historical performance of GSC Solutions (formerly Global Specialty Chemicals Company) is heavily dependent on management's ability to obtain purchase orders from Key Customers in the petrochemicals sector, as the Services provided by the Subsidiary are delivered on an as-needed (demand-driven) basis rather than under long-term contracts, which may limit the stability and sustainability of its future revenues.

In addition, the majority of the Company's material agreements with its customers are short-term and may not be subject to automatic renewal. Some agreements provide the customer with the right to terminate the agreement at any time by written notice of one or two months to the Company (for more information, please refer to Section 2.1.14 ("**Risks Related to Material Agreements with Key Customers**") of this Prospectus). Notably, some contracts entered into with customers include terms that allow customers to terminate the agreements at any time without the need to notify the Company (for more information about the Company's material agreements with its customers, please see Section 12.6 ("**Material Agreements**") of this Prospectus). If the Company's existing customers decide not to renew their contracts with the Company at the end of the contractual term or terminate the contracts before the expiry of their terms, the Company may incur costs related to the termination of services as well as the loss of anticipated future revenue. In addition, a customer may decide not to contract with the Company for additional phases of projects, seek to renegotiate the terms of its contract, or cancel or delay additional planned work. If the contracts are terminated or are not renewed, the Company will lose the expected revenue, which may take a long time to be offset, and the Company's results of operations may significantly decline in subsequent periods, which would have a material adverse effect on the Company's business, results of operations, financial position, and prospects. In addition, the initial phases of a customer relationship often require that the Company invests time and money understanding the customer's needs, as compared to established customer relationships where the Company's understanding of the customer's needs often allows the Company to deliver its products and services more efficiently. If long-term customers are replaced by new customers on terms that are less favorable to the Company, or new customers do not become long-term customers, customer churn could adversely impact the Company's business, results of operations, financial position, and prospects. Moreover, if a customer breached or wrongfully terminated its agreement with the Company, the Company may not be willing to raise a claim due to the customer relationship, and even if it did raise such a claim, there is no guarantee that such claim would succeed in court.

2.1.3 Risks Related to Fluctuations in Gross Profit Margins and Their Impact on the Company's Profitability

The Company adopts a pricing strategy aimed at sustaining relationships with and retaining its customer base, even if this requires foregoing part of its profit margins. The Company's gross profit margin is directly linked to whether the Company assigns Saudi or non-Saudi employees to its projects, as non-Saudi employees typically generate higher profit margins due to their lower cost. In addition, gross profit margins are affected by whether field employees work overtime hours, as overtime labor charges are billed to customers at cost, which negatively impacts profit margins. The Company has sought to improve its gross profit margin through the acquisition of the Subsidiary (the acquisition of GSC Solutions (formerly Global Specialty Chemicals Company) was completed in January 2025G), which provides services that generate higher profit margins. However, the Subsidiary's profitability is closely linked to management's ability to obtain profitable purchase orders, as there is no established fixed profitability model; rather, management determines profit margins only upon receipt of purchase orders, based on market conditions and customer needs.

The Company's gross profit amounted to SAR 31.3 million, SAR 41.3 million, SAR 45.7 million, SAR 19.6 million, and SAR 31.5 million in the Financial Years Ended 31 December 2022G, 2023G, 2024G, the Six-Month Period Ended 30 June 2024G, and the Six-Month Period Ended 30 June 2025G respectively, with profit margins of 19.8%, 21.1%, 18.8%, 17.1% and 20.2% for the same years and period, respectively. The increase in the profit margin in 2023G is attributable to employee turnover in the Information Technology Consulting and Managed Business Services segments, which led to a higher proportion of lower-cost non-Saudi employees and, consequently, the achievement of a higher margin; whereas the decline in the profit margin in the Financial Year Ended 31 December 2024G was mainly due to margin decreases in the managed IT services, IT Consulting Services, and managed business services segments. This decrease is linked to several factors, including competitive pricing to retain customers in the managed business services segment, noting that the average monthly rate per assigned employee decreased from SAR 15,000 in FY23G to SAR 13,000 in FY24G. This was coupled with an increase in overtime charges recorded in employee timesheets across the managed IT services, IT Consulting Services, and managed business services segments. These overtime charges are billed to customers at cost, as they are not part of the Company's profit model or

contractual arrangements. In addition, the average monthly cost per deployed employee increased from SAR 17,000 in FY23G to SAR 19,000 in FY24G due to the hiring of more experienced employees at higher monthly salaries, which further contributed to the deterioration of profit margins in the Financial Year 2024G compared to the Financial Year 2023G. The Company may be required to reduce its profit margins to retain existing customers or attract new customers. Continued fluctuations in gross profit margins resulting from changes in contract pricing, project mix, or customer relationships may also negatively affect the Company's profitability. It should also be noted that the increase in the Company's profit margin from 17.1% in the Six-Month Period Ended 30 June 2024G to 20.2% in the Six-Month Period Ended 30 June 2025G is mainly attributable to: (1) improved profit margins generated from Managed Business Technology Services, as a result of assigning a larger number of non-Saudi employees to projects compared to Saudi employees, which ultimately resulted in higher gross profit margins (noting that the assignment of non-Saudi employees versus Saudi employees is largely determined by the availability of the required competencies and expertise in the market for each customer, and aligned with the needs of their specific projects); and (2) the contribution, inclusion, and consolidation of the Subsidiary's results and operations into Dar AlBalad for Business Solutions Company as a result of the acquisition, as Dar AlBalad for Business Solutions Company acquired the Subsidiary at the beginning of 2025G. The Subsidiary achieved a profit margin of 49.4%, which is significantly higher compared to the gross profit margins generated from the services provided by Dar AlBalad for Business Solutions Company.

2.1.4 Risks Related to the Provision of IT Managed Services

The Company contracts with its customers to provide maintenance and operational IT services, including IT Managed Services, which encompass end-user support services, technical support services, application support services, as well as IT infrastructure services. The Company is required to deliver the scope of work under these contracts at customer sites, depending on the nature of each project. The contract durations are typically short- to medium-term, ranging from one to two years, and are generally renewable. Contracts may also be terminated upon completion of project phases or renewals, as applicable (for more information on the Company's material agreements with existing customers, please refer to Section 12.6 ("Material Agreements") of this Prospectus). A substantial portion of the Company's revenue is generated from IT Managed Services, with transactions involving IT Managed Services customers, who are mostly considered recurring customers (defined as customers who issued purchase orders or entered into new contracts with the Company during each of the past three financial years and the Six-Month Period Ended 30 June 2025G) amounting to SAR 69.3 million, SAR 79.3 million, SAR 123.5 million, and SAR 73 million, representing 43.9%, 40.6%, 50.8%, and 46.8% of the Company's total revenue in the Financial Years Ended 31 December 2022G, 31 December 2023G, 31 December 2024G, and the Six-Month Period Ended 30 June 2025G, respectively.

The Company's contracts do not grant it exclusivity as the sole provider of technology services and solutions. Its ability to retain current customers and acquire new ones depends on maintaining high service levels. The Company adheres to service standards through timely responsiveness to customer requirements, efforts to achieve customer satisfaction, and the delivery of high-quality services while ensuring safety, security, efficiency, and confidentiality. Should customers be dissatisfied with the quality of service, the types of services offered, or the technologies provided, or seek to renegotiate contracts for reasons including cost reductions, the Company may incur additional expenses to address such issues, which could affect profitability. Notably, a customer previously renegotiated a cost reduction under an existing agreement.

If the Company fails to meet the terms of such contracts or the conditions of purchase orders, or if it is unable to provide the technical workforce required to fulfill customer needs, or fails to renew contracts, or in the event of future disputes or legal claims in which the Company does not prevail, this could have a material adverse effect on the Company's business, results of operations, financial position, and prospects.

2.1.5 Risks Related to the Impact of the Acquisition of the Subsidiary on the Consolidated Financial Statements

The Subsidiary contributed significantly to the Group's consolidated results based on the unaudited Pro Forma Financial Statements, which were prepared for illustrative purposes only to present performance as if the acquisition had occurred from the beginning of the relevant periods, and do not reflect the Group's actual financial statements, accounting for 13.3%, 19.1%, and 11.2% of the Group's total revenue for the Financial Years Ended 31 December 2022G, 31 December 2023G and 31 December 2024G, respectively. Its contribution to net income amounted to 11.4%, 30.3%, and 17.6% during the Financial Years Ended 31 December 2022G, 2023G and 2024G, respectively. Additionally, its contribution to net assets was 20.4%, 31.3%, and 14.9% for the Financial Years Ended 31 December 2022G, 2023G and 2024G, respectively, according to the unaudited Pro Forma Financial Statements. Prior to the consolidation of the Subsidiary's financial results into the consolidated financial statements in 2025G, the Subsidiary and the Company operated entirely independently, with no financial or operational integration between them. Presenting consolidated financial data covering periods preceding the acquisition may reduce the ability to evaluate the standalone financial performance of the Company, potentially resulting in difficulties in interpreting financial information and assessing operational efficiency independently of GSC. Furthermore, the acquisition may not deliver the anticipated benefits or fail to lead to business growth for either the Company or the Subsidiary, which could materially and adversely affect the Company's business, financial position, and prospects.

Since the financial statements of the Company and the Subsidiary have been consolidated in the Condensed Consolidated Interim Financial Statements for the Six-Month Period Ended 30 June 2025G, the Subsidiary's contribution to revenue was 9.1% in the Six-Month Period Ended 30 June 2025G. Its contribution to net income amounted to 21.3% in the Six-Month Period Ended 30 June 2025G. Its contribution to net assets also amounted to 14.0% in the Six-Month Period Ended 30 June 2025G. It should be noted that the acquisition was carried out between entities under common control within the same Group and did not result in any gains or non-recurring items in the consolidated financial statements. No accounting gains were recognized, whether from purchase differences or the revaluation of assets or liabilities, and no goodwill or bargain-purchase gains were recorded. The transaction was accounted for by recording the assets and liabilities at their book values.

2.1.6 Risks Related to Operating Systems and Information Technology

In conducting its business and managing its facilities, the Company relies on information technology systems owned by external third parties, including, for example, Microsoft Dynamics Business Central (enterprise resource planning system), the attendance tracking system, and Google services, which exposes it to risks such as system outages, security failures, natural disasters, fires, connectivity issues, shortages in skilled personnel, reduced data and information security, or breaches involving confidential information related to the Company, its customers, or its employees. If the Company fails to maintain, ensure the continuity of, or upgrade its IT systems, or fails to safeguard confidential information and data, or in the event of system malfunctions, recurring failures, or the occurrence of any of the aforementioned incidents, this may have a material adverse effect on the Company's business, results of operations, financial position, and future prospects.

2.1.7 Risks Related to Undetected Errors or Defects in Technical Solutions and Maintenance

The Company's technical services, maintenance, or technical solutions, as well as the hardware and software used to deliver such services, may contain errors or defects that the Company has not been able to detect, especially when products are introduced and applied for the first time or when new versions or updates to products are released, which could adversely affect the performance of the products, software or solutions and consequently affect demand for them. While the Company and users test the offered software, errors in the Company's products, software, and solutions may still occur from time to time. Some of these defects may not appear until the implementation and delivery of technical services and solutions on customer systems. Errors may affect the performance of the Company's products and thus adversely affect the Company's reputation and the demand for contracting with the Company to obtain its services. Furthermore, the Company may have contractual obligations to its customers to fix defects at its own expense. If errors or defects are discovered or if there is any delay in the delivery of maintenance or technical repair services, the Company may have to incur significant capital expenditures to address them and may not be able to successfully correct them in a timely manner or at all. This may result in a loss in the Company's revenue or market share.

Errors or malfunctions related to technical support and maintenance services or solutions may result in market rejection or delayed acceptance of these services, harm the Company's reputation, cause the loss of Key Customers, lead to contract terminations, or expose the Company to legal liability. Any such errors or defects may also trigger negative customer reactions, particularly since many of the Company's existing and prospective customers are highly sensitive to any technical service or solution failures. In addition, errors in technical services or solutions may require the Company to offer concessions or corrective measures to current customers in order to retain their business. The Company conducts ongoing testing, evaluation, and improvements, such as phased deployments and application testing before going live, to ensure service readiness. The Company also maintains a contingency response and communication plan for emergencies, including the implementation of preventive actions, audits, and improvements. Nonetheless, any undetected errors or defects in technical solutions or maintenance may have a material adverse effect on the Company's business, results of operations, financial position, and prospects.

Moreover, the Company's technical services must successfully integrate and operate alongside products provided by third-party technology vendors used by customers, such as internal software and systems. As a result, when a customer experiences issues or breaches in its systems, it may be difficult to determine the root cause, and the Company may be blamed for incidents that are in fact due to other components within the IT infrastructure or non-compliance by the customer or other vendors with required protocols and safeguards. Data-related issues or errors—regardless of whether they result from the Company's services or technical support—may also damage the Company's reputation, potentially harming its business, financial position, and results of operations. If an actual or perceived breach occurs in one of the Company's customer systems, even if unrelated to the Company's services, market perception of the Company's effectiveness may be adversely impacted. Addressing such problems may require significant capital and resource outlays or may result in the loss of current or potential customers. If any of these risks were to occur, they would have a material adverse effect on the Company's business, results of operations, financial position, and prospects.

2.1.8 Risks Related to Cyberattacks

Due to the nature of its business, the Company is exposed to cyberattacks, including computer viruses, malicious or destructive code, phishing attacks, and denial-of-service attacks, which may affect the confidentiality, integrity, and availability of its information systems and business data. The financial and strategic importance of the Company's customers may further increase the likelihood of the Company being targeted by criminal or espionage-related attacks. The Company's efforts to continuously monitor and assess its security systems may not be sufficient, considering its available resources, service offerings, and organizational capabilities, to effectively address emerging threats and respond to cyberattacks. The rise in social engineering attacks (e.g., unauthorized parties attempting to obtain data or access information through direct interaction with Company employees) has introduced additional risks. Human error by Company employees also presents an ongoing risk, and the Company's efforts to promote awareness through training and process improvements are unlikely to eliminate all negative consequences of human error, such as negligence by personnel responsible for devices or assets, which may leave Company equipment vulnerable to cyberattacks.

It is worth noting that the Company's technology services are diverse and include services in technology, technical support, the provision of solutions and technical consulting, and the installation and extension of computer and telecommunications networks. The Company also performs some of its services on-site at customer premises and on customer-owned servers. In such cases, the liability for damages resulting from cyberattacks may fall either on the customer or on the Company, depending on the nature of the agreement between the two parties. Identifying the source of such breaches may be difficult, and the Company may be held responsible for breaches caused by failures in other elements of the IT infrastructure or customer related errors, potentially harming the Company's relationship with the customer or resulting in the loss of current or prospective customers.

The theft, unauthorized use, or disclosure of the Company's information, customer data, confidential information, or other proprietary business information resulting from information security incidents could negatively affect the Company's competitive position and reputation, and reduce market acceptance of the Company's services and solutions. If the Company's systems are breached, causing reputational damage or hindering its ability to deliver solutions, this would have a material adverse effect on the Company's business, results of operations, financial position, and prospects.

2.1.9 Risks Related to the Quality of the Company's Services and Solutions

The Company's ability to deliver continuous and efficient services to its customers, attract new customers, generate recurring business from existing customers, and achieve revenue depends on the quality of the services and solutions it provides, and on maintaining that quality through its ability to attract, train, and retain qualified and experienced personnel in delivering IT services, technical support, and technical solutions to customers. However, the Company may not be able to respond promptly to customer requests for technical support and maintenance services, which would negatively impact the quality of its services. Additionally, the Company may be unable to expand the scope of work for its projects to include additional IT services in order to compete with offerings from competitors, which would increase its costs and adversely affect its revenue. Furthermore, a failure to maintain the quality of services and solutions—including the inability to meet customer expectations and delays in service delivery—may harm the Company's reputation, resulting in a loss of customer trust, diminished competitiveness, reduced ability to attract new business, and a decline in brand value. This could have a material adverse effect on the Company's business, results of operations, financial position, and prospects. The Company at times experiences delays in deploying its teams due to increased demand for specialized talent, and some professionals may decline to participate in certain projects. This necessitates the immediate provision of replacements, for which the Company maintains a standby team to ensure business continuity.

The quality of the IT services the Company delivers and its ability to meet evolving customer requirements depend significantly on the competence of its staff and specialists, and their ability to provide advanced and effective solutions. This requires continuous investment in training and skill development. Failure to effectively train and develop employees may negatively impact the Company's ability to maintain the quality of its IT services. This could result in the inability to provide additional services, a loss of competitive advantage, and an inability to meet customer needs, maintain service quality, or deliver required maintenance services. Such developments would have a material adverse effect on the Company's business, results of operations, financial position, and prospects.

2.1.10 Risks Related to Miscalculation of the Cost and Complexity of Performing Services

The pricing of IT services, technical support, and solutions contracts is complex and highly dependent on the Company's internal estimates, predictions and assumptions (including with respect to competition and other market factors) for the Company's projects and, in particular, the cost of providing the relevant services. Although the Company considers these market and competitive factors to be part of its pricing strategies, the Company's estimates, forecasts and assumptions may be based on limited data and could turn out to be inaccurate. One challenge may arise from certain specialized employees requesting salary increases or additional allowances, which impacts project costs. To mitigate this impact, the Company may renegotiate with customers to increase the project value; in certain limited cases, the Company may bear these additional costs. If the Company does not accurately estimate the scope of its costs and timing for completing projects, its contracts could prove unprofitable. Also, the Company may not accurately price its projects, fail to accurately estimate the costs of performing the work or fail to accurately assess the risks associated with potential contracts. For example, the average monthly fee rate for assigned employees decreased from approximately SAR 20 thousand in 2022G to SAR 15 thousand in 2023G and to SAR 13 thousand in 2024G, while it amounted to SAR 14 thousand in the Six-Month Period Ended 30 June 2024G and SAR 15 thousand in the Six-Month Period Ended 30 June 2025G. Meanwhile, the average employee cost amounted to SAR 18 thousand in 2022G, and increased from SAR 17 thousand in 2023G to SAR 18 thousand in 2024G, while it amounted to SAR 18 thousand in the Six-Month Period Ended 30 June 2024G and SAR 20 thousand in the Six-Month Period Ended 30 June 2025G. This illustrates the direct financial impact of any deviation in cost estimates on contract profitability.

There are a number of factors that may lead to a difference in the estimated profitability of a project from the actual profitability, including higher prices of logistics services as a result of external factors, amendments to laws and regulations, an increase in the cost of labor executing projects, delayed implementation due to circumstances beyond the control of the Company and customers, modification or cancellation of some items after their partial implementation, inaccurate assessment of contingency reserves and unknown risks. The Company's profitability may be adversely affected by any additional or unforeseen costs, delays, inability to realize expected cost savings, or unexpected risks encountered in the course of delivering its services, including those arising from factors beyond the Company's control. Such factors may have a material adverse effect on the Company's business, results of operations, financial position, and prospects.

2.1.11 Risks Related to Rapidly Evolving Technological Developments and the Expansion of the Company's Services and Capabilities

The IT services market is characterized by rapid technological change, frequent new product introductions, technology enhancements, increasingly sophisticated customer requirements and evolving standards. The Company's future success depends on its ability to continue to develop, market and implement services and solutions that are attractive, timely and cost-efficient for its existing and new customers. This requires the Company to anticipate and respond to rapid and continuing changes in technology, industry developments, IT and solution offerings by new entrants in order to serve the evolving needs of the Company's customers. If the Company does not adapt, expand and develop its services and solutions in response to changes in technology or customer demand, the Company's ability to develop and maintain a competitive advantage and continue to grow could be negatively affected, which would have an adverse effect on the Company's business, results of operations, financial position, and prospects.

The Company currently provides a range of services in the fields of technology, technical support, the delivery of solutions and technical consulting, and the installation and extension of computer and telecommunications networks. There is no guarantee that the Company will be able to continue expanding its service offerings and capabilities to meet changing customer demands in IT services, as the IT services and solutions sector in the Kingdom is experiencing significant growth. This requires the delivery of more specialized services and solutions to meet increasing customer needs. As the IT services market in the Kingdom evolves, customers will increasingly demand more specialized services and solutions. Therefore, the Company focuses on meeting customer needs through regular meetings aimed at understanding their future requirements and continuously developing its services to align with such needs. The Company also works on expanding its customer base by strengthening its marketing efforts and reinforcing its administrative and financial structures to ensure the continued delivery of services and to handle any financial challenges resulting from delayed customer payments. As a result, the Company may need to expand into new technical services targeting other verticals, in order to expand its customer base.

Developments in the segments that the Company serves could shift demand to new services and solutions. If, as a result, the Company's customers demand new services, software or solutions, the Company may be less competitive in these new areas or need to make significant investments to meet that demand. In addition, the Company operates in an environment in which there currently are, and the Company expects will continue to be, new entrants that may offer new services, software and solutions. New services and solutions offered by competitors or new entrants may make the Company's offerings less attractive or less competitive, when compared to other alternatives. The Company also may not be able to successfully anticipate or adapt to changes or customer requirements on a timely basis. If the Company fails to keep up with such changes or to convince customers of the value of its services and solutions in light of new technologies or new offerings by competitors, this will have a material adverse effect on the Company's business, results of operations, financial position, and prospects.

2.1.12 Risks Related to the Delivery of Industrial Solutions and Chemical Products

The Group, since its acquisition of GSC Solutions (formerly Global Specialty Chemicals Company) on 01/07/1446H (corresponding to 01/01/2025G), provides industrial solutions services, which include industrial chemical reclamation services and Industrial Maintenance Services, in addition to marketing and selling specialized chemical products, including various types of heat transfer fluids and other industrial solutions. The Subsidiary relies on its industrial facility located within the MODON complex in the Second Industrial City in Dammam, as well as on its mobile units specialized in reclaiming chemicals and converting them into reusable materials. Based on the unaudited Pro Forma Financial Statements, which were prepared for illustrative purposes only to present performance as if the acquisition had occurred from the beginning of the relevant periods, and do not reflect the Group's actual financial statements, the Subsidiary's revenues accounted for 13.4%, 19.1%, and 11.2% of the Group's total revenue in the Financial Years Ended 31 December 2022G, 31 December 2023G, and 31 December 2024G, respectively. With respect to the Six-Month Period Ended 30 June 2025G, the Subsidiary's revenue represented 9.1% of the Group's total revenue, according to the Condensed Consolidated Interim Financial Statements for the Six-Month Period Ended 30 June 2025G.

The Subsidiary's operations are subject to environmental protection laws and regulations, the management and use of toxic and chemical substances, occupational health and safety regulations, and security and safety standards—all of which must be adhered to with a high level of care and accuracy. The costs associated with complying with such laws, regulations, and standards are high, and compliance may result in additional operational or capital expenditures or even restrictions or suspensions of the Subsidiary's operations. This may occur if new laws and regulations are issued or if current laws and regulations are amended or enforced more strictly by government authorities. The Subsidiary's operations generate various waste and pollutant emissions that, if not properly controlled and managed, may pose a risk of environmental contamination, potentially harming the environment and human health. Failure to fully comply with environmental laws and related legislation and standards may result in the closure of the Subsidiary's plant, fines, penalties, civil liabilities, or material reputational damage to the Group. Additionally, if the Subsidiary's environmental compliance obligations change due to any new regulations or standards, the Company's expenses may increase to reflect such changes.

The production and sale of chemical materials are also subject to risks associated with potential defects during production or transportation, or errors caused by employee misconduct. Any defects in products manufactured by the Subsidiary, or any failure to meet specifications, may expose the Subsidiary to product recall risks and product liability claims, which could result in material reputational harm and the incurrence of costs or compensation obligations.

Any of these factors could have a material adverse effect on the Subsidiary's business, results of operations, financial position, and prospects.

2.1.13 Risks Related to the Subsidiary's Supplier Concentration

The Subsidiary's purchases from its top ten suppliers amounted to SAR 16.8 million, SAR 23.3 million, SAR 13.5 million, and SAR 6.8 million for FY22G, FY23G, FY24G, and the Six-Month Period Ended 30 June 2025G, respectively, representing 95.5%, 96.2%, 98.2% and 95.2% of the Subsidiary's total purchases for the respective periods. Purchases from the Subsidiary's key supplier alone accounted for 46.9%, 54.6%, 52.6%, and 69.6% of its total purchases for FY22G, FY23G, FY24G, and Six-Month Period Ended 30 June 2025G, respectively. If any of the Subsidiary's key suppliers were to terminate their dealings or supply agreements with the Subsidiary, or fail to renew them, or renew them on terms less favorable to the Subsidiary, or were unable to meet the Subsidiary's demand, or if there were changes in the supplier's strategic direction or otherwise, this would have a material adverse effect on the Subsidiary's business, operations, financial position, and prospects.

2.1.14 Risks Related to Material Agreements with Key Customers

The Company's revenues from its transactions with the ten Key Customers amounted to SAR 116.0 million, SAR 141.1 million, SAR 175.5 million, SAR 85.4 million, and SAR 101.1 million, representing 73.4%, 72.1%, 72.1%, 74.5%, and 64.9% of the Company's total revenues for FY22G, FY23G, FY24G, and the Six-Month Periods Ended 30 June 2024G and 30 June 2025G, respectively (for more information on the agreements entered into with Key Customers, please refer to Section 12.6 ("**Material Agreements**") of this Prospectus). The Company's revenues from its transactions with the five Key Customers amounted to SAR 78.3 million, SAR 94.3 million, SAR 123.0 million, SAR 60.5 million, and SAR 72.0 million, representing 49.7%, 48.2%, 50.5%, 52.8%, and 46.2% of the Company's total revenues for FY22G, FY23G, FY24G, and the Six-Month Periods Ended 30 June 2024G and 30 June 2025G, respectively. The Company's transactions with its Key Customers are based on short-term contractual arrangements, with contract durations ranging from one to two years, subject to renewal. This is because the nature of the Company's dealings with its Key Customers primarily involves delivering IT services for a specified period and purpose through one or more specialists from the Company (for more information on Key Customers, please refer to Section 4.9.4 ("**Customers**") of this Prospectus). The Company cannot guarantee the continuation or renewal of such contracts, nor can it ensure that its Key Customers will continue to require its IT services. Furthermore, the absence of long-term contracts with Key Customers may adversely affect the Company's business and customer relationships should any of these customers choose not to renew their agreements or shift to other providers in the local or broader market. It is also noteworthy that certain material contracts may lack clearly defined scopes of work and may include provisions that do not reflect the commercial nature of the relationship between the Company and its customers, such as clauses indicating that the Company's employees are subject to the customer's management during service delivery. This is largely attributable to the fact that the Company typically relies on contract templates provided by its Key Customers, rather than using standardized templates developed by the Company. These contracts include: the master agreement for the provision of technology resources entered into between the Company and Listed Software and Services Company -1, the technical support agreement in relation to devices and systems entered into between the Company and Listed Financial Services Company -1, the master agreement for the provision of Managed Information Technology Services entered into between the Company and Listed Insurance Company -1, and the agreement for consulting, operation, and development of banking systems entered into between the Company and Saudi Bank -3. In addition, certain of the Company's contracts with its Key Customers include provisions allowing the parties to terminate the contract unilaterally, either by giving prior written notice of not less than thirty days or by giving written notice without specifying a notice period, or provisions limiting the Company's discretion in managing its personnel. Such contractual ambiguities may give rise to disputes between the Company and its Key Customers. Any disputes between the Company and a Key Customer could damage the Company's reputation, increase its costs, reduce its revenue, and diminish its market share, all of which would have a material adverse effect on the Company's business, results of operations, financial position, and prospects. Contracts that include provisions allowing the parties to terminate the contract by written notice without specifying a notice period amounted to SAR 15.4 million, SAR 19.6 million, SAR 23.9 million, and SAR 13 million, representing 9.7%, 10.0%, 9.8% and 8.3% of the Company's total revenue for FY22G, FY23G, FY24G, and the Six-Month Period Ended 30 June 2025G, respectively.

The Subsidiary's revenues from its transactions with the ten Key Customers amounted to SAR 20.6 million, SAR 40.9 million, SAR 26.3 million, SAR 10.8 million, and SAR 13.7 million, representing 85.5%, 91.1%, 86.1%, 92.3%, and 97.0% of the Subsidiary's total revenues for FY22G, FY23G, FY24G, and the Six-Month Periods Ended 30 June 2024G and 30 June 2025G, respectively. Revenues from the Subsidiary's key five customers represented 76.4%, 81.3%, 74.9%, 75.1%, and 83.7% of the Subsidiary's total revenues for FY22G, FY23G, FY24G, and the Six-Month Periods Ended 30 June 2024G and 30 June 2025G, respectively. It should be noted that the Subsidiary's transactions were concentrated with two Key Customers, namely Saudi Basic Industries Corporation (SABIC) and Saudi Arabian Oil Company (Aramco). Transactions with Saudi Basic Industries Corporation (SABIC) amounted to SAR 3.8 million, SAR 21.6 million, SAR 10.5 million, and SAR 5.6 million, representing 15.5%, 46.9%, 34.3%, and 40.2% of the Subsidiary's total revenues for FY22G, FY23G, FY24G, and the Six-Month Period Ended 30 June 2025G, respectively. Transactions with Saudi Arabian Oil Company (Aramco) amounted to SAR 0.5 million, SAR 0.4 million, SAR 4.1 million, and SAR 1.2 million, representing 2.1%, 0.9%, 13.4%, and 8.8% of the Subsidiary's total revenues for FY22G, FY23G, FY24G, and the Six-Month Period Ended 30 June 2025G, respectively. It should be noted that the Subsidiary's transactions with these two customers are based on purchase orders and invoices. Since the Subsidiary delivers its services to these customers without written contracts, it cannot guarantee the continuity of its industrial service delivery to these customers or avoid disruptions in the absence of formal agreements. Furthermore, the lack of written contracts may result in unclear delineation of rights and obligations between the Subsidiary and these customers. As a result, both the Subsidiary and the customers may face greater difficulty ensuring mutual compliance with their respective obligations under these arrangements, increasing the likelihood of disputes. Any such disputes between the Subsidiary and its customers may damage the Subsidiary's reputation, increase its costs, reduce its revenue, and diminish its market share, all of which would have a material adverse effect on the Subsidiary's business, results of operations, financial position, and prospects (for more information, please refer to Section 2.1.28 ("**Risks Related to the Company's Involvement in Legal Proceedings and Imposition of Fines**") of this Prospectus).

2.1.15 Risks Related to the Ability to Attract and Retain Highly Skilled IT Professionals

It is challenging for IT Services companies to attract and retain highly qualified IT talent in the global, regional, and local labor markets. The Company's success to date has depended, and will depend, to a significant extent upon the Company's ability to attract and retain highly qualified digital service professionals. In particular, the Company must attract, train, and retain appropriate numbers of talented people with diverse skills, including application consultants, IT infrastructure developers, digital program managers and engineers, big data consultants, Artificial Intelligence consultants, Cybersecurity consultants, and other senior technical personnel, in order to meet customer needs and grow the Company's business. Accordingly, if the Company is unable to attract and retain qualified IT Services professionals, this would impact the Company's ability to develop new business and effectively manage its current projects. As at the date of this Prospectus, Saudi employees specialized in the IT sector represent 28%, while non-Saudi employees account for 72%, noting that all non-Saudi employees work under the Company's sponsorship. The Company also relies on recruiting IT specialists from various countries for the purpose of providing its Services, with a concentration in the Republic of India and the Arab Republic of Egypt, whose employees represented 28% and 22%, respectively, of the Company's workforce as at 30 June 2025G. Accordingly, any inability of the Company to recruit and retain foreign labor from any of the above countries for any reason, including, for example, adverse developments in diplomatic relations between the Kingdom and such countries, changes to the laws, regulations, and procedures of such countries, or changes that may occur to mandatory Saudization ratios in certain fields such as information technology, may adversely affect the Company's business and its ability to grow. In addition to the foregoing, the Company contracts with consultants based outside the Kingdom, whose number amounted to thirty consultants as at 30 June 2025G. Such consultants provide remote advisory services for projects that require rare specializations and can be delivered remotely without the need for the consultant to be present in the Kingdom. The term of such contracts ranges from three months to one year, depending on business needs. (For more information on the guarantees, please refer to Section 4.11 ("**Employees**")).

Costs of salaries and employee benefits amounted to SAR 105.7 million, SAR 126.8 million, SAR 163.9 million, SAR 77.9 million, and SAR 98.5 million for FY22G, FY23G, FY24G, and the Six-Month Periods Ended 30 June 2024G and 30 June 2025G, respectively. Salaries and employee benefits represented 83.5%, 82.2%, 82.9%, 82.1% and 79.3% of cost of revenue for FY22G, FY23G, FY24G, and the Six-Month Periods Ended 30 June 2024G and 30 June 2025G, respectively.

The Company's ability to maintain and renew existing engagements and obtain new business will also depend, in large part, on its ability to attract, train, and retain technical personnel that keep pace with continuing changes in digital services, evolving industry standards, and changing customer preferences. The Company's profitability also depends on its ability to effectively utilize personnel with the right mix of skills and experience to support the Company's projects. The processes and costs associated with recruiting, training, and retaining employees place significant demands on the Company's resources. In addition, the demands of changing technology, evolving standards, and changing customer preferences may require the Company to redeploy and retrain the Company's digital service professionals.

Moreover, the Company from time to time may seek to bid on certain government projects that require some members of the Company's team to hold certain security permits and have received extensive training to perform certain tasks. If the Company loses employees who have obtained these security permits and related training, this will adversely affect the Company's ability to effectively perform such projects.

2.1.16 Risks Related to the Company's Current Credit Facilities

The Company maintains a facility agreement between the Saudi Investment Bank and the Company dated 12/11/1445H (corresponding to 20/05/2024G), for a total amount of SAR 10,000,000, for the purpose of financing the purchase and sale of goods and issuing various guarantees.

The aforementioned facility contain various terms and conditions designed to protect the interests of the lenders. For instance, the Company must obtain the prior consent of the lenders before making any changes to its legal form, ownership structure, or capital. If the Company fails to comply with any provisions or breaches any of its obligations under the above-mentioned facility agreements, the relevant lender will be entitled to demand immediate repayment of all outstanding and unpaid amounts and enforce any existing guarantees. It should be noted that the Company obtained a non-objection letter from the Saudi Investment Bank on 11/10/1446H (corresponding to 09/04/2025G) for the Company to submit its application for registration and offering to CMA and other relevant authorities. (For more information on guarantees, please refer to Section 12.9 ("**Credit Facilities and Loans**") of this Prospectus.)

Guarantees were provided by each of Dar AlBalad Commercial Company, Mr. Bassam Ibrahim Bin Salamah, and Mr. Khalil Ibrahim Bin Salamah in favor of the Saudi Investment Bank, guaranteeing the full amount made available under the Saudi Investment Bank's facilities agreement. If such guarantees expire or cease to be effective for any reason, this may constitute a breach by the Company of its obligations under the Saudi Investment Bank facilities, which would entitle the bank to demand accelerated repayment of all amounts due, and the Company may not be able to obtain alternative financing. It should be noted that the Company obtained the Saudi Investment Bank's waiver of the personal guarantees provided by Mr. Bassam Ibrahim Bin Salamah and Mr. Khalil Ibrahim Bin Salamah, noting that such waiver is conditional upon the completion and announcement of the Listing of the Company's shares on the Main Market of Tadawul. If any of the foregoing risks materialize, this would have an adverse effect on the Company's business, results of operations, financial position, and prospects.

2.1.17 Risks Related to the Company's Ability to Maintain Its Brand and Reputation

The Group owns trademarks including "**Dar AlBalad for Business Solutions**", Global Specialty Chemicals Company," and "**ACG**." (For more information on trademarks, please refer to Section 12.11.1 ("**Trademarks**") of this Prospectus). Accordingly, preserving the value of these trademarks and continuously strengthening them is critical to the success of the Company's operations and growth strategy. The value of the trademarks is largely influenced by the extent to which customers interact with them positively. The value of the trademarks may be significantly diminished due to various factors, such as the perception that the Company has acted irresponsibly. Given the increasing use of social media and digital platforms by consumers, and the speed at which information, or misinformation and opinions, can spread and be shared, any negative posts or comments about the Company, its trademarks, or its products on such platforms may severely damage the Company's reputation and brand equity. It should be noted that the Company is in the process of amending the "**Global Specialty Chemicals Company**" trademark with the Saudi Authority for Intellectual Property to reflect the Subsidiary's new name.

Any harm to the Company's reputation and trademarks resulting from these or other factors may cause its services to be perceived negatively by customers, regulatory authorities, and other stakeholders, which would have a material adverse effect on the Company's business, results of operations, financial position, and prospects.

In the event of an infringement of the intellectual property rights associated with the Company's trademarks, including unauthorized use or failure by the relevant authorities to enforce such rights in accordance with applicable regulations, the Company may be forced to initiate costly legal proceedings and allocate technical and administrative personnel to address the issue. Furthermore, any dispute may compel the Company to enter into franchise or licensing agreements under terms that may not be acceptable to the Company. Any of these circumstances could have a material adverse effect on the Company's business, results of operations, financial position, and prospects.

2.1.18 Risks Related to Failure to Achieve the Company's Strategy

The Company's future performance depends on its ability to implement its plans and growth strategies, which include expanding its business scope and diversifying its investment portfolio by entering into new strategic sectors, including but not limited to, Cybersecurity, Artificial Intelligence, and advanced industrial solutions, in addition to investing in mobile application development. The Company also aims to strengthen its strategic relationships with global allies to market their products and services in the targeted markets. Furthermore, the Company seeks to expand its geographical operations by targeting neighboring regional markets, primarily the markets of the GCC countries. (For more information on the Company's strategies, please refer to Section 1.3 ("**Group Strategies**") of this Prospectus). These plans rely on the Company's ability to continue providing and enhancing its services, as well as its ability to expand, train, motivate, and manage its workforce. Additionally, any initiatives the Company intends to undertake, such as Cybersecurity activities, may require obtaining necessary approvals from regulatory authorities. There is no assurance that the Company's current personnel or systems will be sufficient to support future expansion and growth or that it will be able to obtain the required approvals for any future growth plans in a timely manner, or at all. Moreover, the Company's expansion plans are subject to specific timelines and may require external financing to cover additional costs, which may not be available on satisfactory terms, or at all. Failure to meet these timelines or to secure additional financing may result in the loss of the anticipated economic benefits of the growth and expansion plans. Should the Company fail to implement its business plans and growth strategies for any reason and in a timely manner, this would have a material adverse effect on the Company's business, results of operations, financial position, and prospects.

2.1.19 Risks Related to the Failure to Realize the Expected Benefits from the Company's Acquisition of the Subsidiary

The Company acquired GSC Solutions (formerly Global Specialty Chemicals Company) in January 2025G (for more information, please refer to Section 4.1 ("**Overview of the Company and its Business Activities**")).

It should be noted that the expected benefits from this acquisition may not be fully realized, or may be realized to a lesser extent than the Company's Management expects. The two companies may face challenges in achieving effective operational integration between their businesses or integrating their activities in a fully coordinated manner within an appropriate timeframe, or at all, particularly given the differences in the sectors in which each company operates. The realization of the expected benefits from the acquisition depends on the ability of the two companies to coordinate their businesses effectively and achieve operational integration, including aligning processes, technologies, and personnel as needed. Ensuring such coordination may require additional effort from the Company's Management and the use of additional resources, which may divert Management attention from the Company's core business and, consequently, adversely affect its operations. In addition, unforeseen challenges or obligations may arise as a result of the acquisition, which may delay or prevent the realization of certain expected benefits of the acquisition. If the two companies fail to successfully achieve integration of their businesses within the expected timeframe, or if costs exceed management estimates, this would have a material adverse effect on the Company's business, results of operations, financial position, and prospects.

2.1.20 Risks Related to Transactions with Related Parties

In the ordinary course of business, the Group enters into transactions with a number of Related Parties and their subsidiaries, including Dar AlBalad Commercial Company and its subsidiaries, as well as companies where certain members of the Board of Directors serve as directors or Senior Executives. (For more information, please refer to Section 12.8 ("**Transactions and Contracts with Related Parties**") of this Prospectus.) Entering into transactions with Related Parties or any third parties without executing detailed agreements that fully set out the obligations and rights of each party may result in various risks. These include the Company not receiving all contracted services or not receiving them at the required level of quality, difficulty in asserting its rights in case of disputes, and incurring additional unforeseen costs, in addition to risks relating to regulatory compliance and reputation, and an increased likelihood of misunderstandings between the Parties due to the absence of written clarification of rights and obligations. It is worth noting that the Company has in the past, in the Financial Year Ended 31 December 2022G, entered into a number of transactions without having written contracts or agreements. All of these risks could materially and adversely affect the Company's business, financial position, results of operations, and prospects. As at the date of this Prospectus, all of the Company's transactions with Related Parties have been conducted on an arm's length basis.

The Company records its Related Party Transactions in the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and the standards and pronouncements issued by SOCPA. The total dues to Related Parties by the Company was SAR 0, SAR 173.6 thousand, SAR 0, and SAR 418.3 thousand in the Financial Years Ended 31 December 2022, 2023G, 2024G, and the Six-Month Period Ended 30 June 2025G, respectively, representing 0%, 0.8%, 0% and 0.3% of the Company's total current liabilities in the Financial Years Ended 31 December 2022G, 31 December 2023G, 31 December 2024G, and the Six-Month Period Ended 30 June 2025G, respectively. The total dues from Related Parties to the Company was SAR 20.1 million, SAR 3.1 million, SAR 647.5 thousand, and SAR 3.1 million in the Financial Years Ended 31 December 2022, 2023G, and 2024G, and the Six-Month Period Ended 30 June 2025G, respectively, representing 31.2%, 3.5%, 0.6%, and 1.93% of the Company's total current assets during those periods.

Meanwhile, the total value of revenue from transactions with Related Parties amounted to SAR 3.0 million, SAR 4.1 million, SAR 4.5 million, and SAR 1.1 million during the Financial Years Ended 31 December 2022, 2023G, 2024G, and the Six-Month Period Ended 30 June 2025G, respectively; representing 1.9%, 2.1%, 1.8%, and 0.7% of the Company's total revenue for those periods, respectively. The total cost of revenues relating to transactions with Related Parties amounted to SAR 0.9 million, SAR 3.3 million, SAR 3.0 million, and SAR 0.3 million during the financial years ended 31 December 2022G, 2023G, and 2024G, and the Six-Month Period Ended 30 June 2025G, respectively, representing 0.72%, 2.15%, 1.51%, and 0.24% of the Company's total cost of revenues during such periods, respectively. The nature of the Company's transactions with Related Parties consists of the Company providing Managed Business Services, which include operational support for the day-to-day business of Related Parties. The Company obtained the approval of the General Assembly on the existing transactions and agreements with Related Parties in its meetings held on 20/10/1446H (corresponding to 18/04/2025G), 29/12/1446H (corresponding to 25/06/2025G), and 16/03/1447H (corresponding to 08/09/2025G).

The table below summarizes the amounts due from Related Parties as at 31 December 2022G, 2023G, and 2024G, and for the Six-Month Period Ended 30 June 2025G:

Table (2.1): Due from Related Parties

SAR thousands	Nature of Relationship	Nature of Transaction	31 December 2022G (Restated)	31 December 2023G (Audited)	31 December 2024G (Audited)	Six-Month Period Ended 30 June 2025G
Global Company For Downstream Industries	Associate Company	Operational (provision of Managed Business Services and operational support to the Related Party)	755.9	945.8	323.3	27.6
ADDAR Chemicals Company	Associate Company	Operational (provision of Managed Business Services and operational support to the Related Party)	165.7	320.0	170.0	0
Dar AlArab for Industrial Consultancy	Associate Company	Operational (provision of Managed Business Services and operational support to the Related Party)	62.1	54.7	72.8	0
Global Company for Chemical Industries	Associate Company	Operational (provision of Managed Business Services and operational support to the Related Party)	335.1	0	39.1	0
Dar AlBalad Commercial Company	Associate Company	Financing (Loan provided by the Company)	16,292.6	614.0	0	0
		Operational (provision of Managed Business Services and operational support to the Related Party)	0	0	20.0	0
		Offering Expenses	0	0	0	2,985.9
Dar AlBalad Contracting and Operation Company	Associate Company	Operational (provision of Managed Business Services and operational support to the Related Party)	670.1	0	20.0	0
Diesel Equipment Company	Associate Company	Operational (provision of Managed Business Services and operational support to the Related Party)	25.0	13.2	1.8	12.8
Direct Energy Company	Associate Company	Operational (provision of Managed Business Services and operational support to the Related Party)	78.7	43.8	0.5	41.1
Al Rafeea Chemicals Company	Associate Company	Operational (provision of Managed Business Services and operational support to the Related Party)	554.2	554.3	0	0
Saudi Tunisian Electrical & Gas	Associate Company	Operational (provision of Managed Business Services and operational support to the Related Party)	523.6	284.8	0	0
Addar Chem Group Company	Associate Company	Operational (provision of Managed Business Services and operational support to the Related Party)	164.9	154.9	0	0

SAR thousands	Nature of Relationship	Nature of Transaction	31 December 2022G (Restated)	31 December 2023G (Audited)	31 December 2024G (Audited)	Six-Month Period Ended 30 June 2025G
Global Thermal Chemical Co.	Associate Company	Operational (provision of Managed Business Services and operational support to the Related Party)	59.0	109.1	0	0
GSC Solutions (formerly Global Specialty Chemicals Company)	Associate Company	Operational (provision of Managed Business Services and operational support to the Related Party)	307.6	0	0	0
Fala Agricultural Company	Associate Company	Operational (provision of Managed Business Services and operational support to the Related Party)	64.0	0	0	0
Abdullah Bin Salamah Real Estate Establishment	Associate Company	Operational (provision of Managed Business Services and operational support to the Related Party)	9.4	0	0	0
Najm for Commercial Investment Company	Associate Company	Operational (provision of Managed Business Services and operational support to the Related Party)	8.9	0	0	0
Bassam Bin Salamah	Associate	Financing	1.3	0	0	0
Total			20,078.1	3,094.5	647.5	3,067.3

Source: Audited financial statements for the years ended 31 December 2023G, 2024G and H1FY25G.

The table below summarizes amounts due to Related Parties as at 31 December 2022G, 2023G, and 2024G, and for the Six-Month Period Ended 30 June 2025G:

Table (2.2): Due to Related Parties

SAR thousands	Nature of Relationship	Nature of Transaction	31 December 2022G (Audited)	31 December 2023G (Audited)	31 December 2024G (Audited)	Six-Month Period Ended 30 June 2025G
Dar AlBalad Commercial Company	Associate Company	Operational (provision of management consulting services by the Related Party to the Company).	0	0	0	120.8
ADDAR Chemicals Company	Associate Company	Operational	0	0	0	0
Dar AlArab for Industrial Consultancy	Associate Company	Operational (provision of management consulting services by the Related Party to the Company)	0	0	0	297.5
Dar AlBalad Contracting and Operation Company	Associate Company	Operational (provision of management consulting services by the Related Party to the Company)	0	173.6	0	0
Total			0	173.6	0	418.3

Source: Audited financial statements for the years ended 31 December 2023G, 2024G and H1FY25G.

Furthermore, under Article 71 of the Companies Law, any transaction in which a Board Member has an interest must be presented to the General Assembly for approval. Board Members are prohibited from participating in deliberations related to the approval of such transactions. The voting restrictions imposed by the General Assembly under Article 71 prevent any current Board Member from voting on Related Party transactions both at the Board level and at the General Assembly.

There is a risk that the Board of Directors or the General Assembly may not approve such transactions. In this case, the interested Board Member must either resign or take steps to ensure they no longer have an interest in the transaction (such as terminating the relevant contract or waiving any rights arising from the stated interest), or the Company may have to terminate the transaction, which may negatively impact the Company's profitability. If the Related Party transactions are not documented through written agreements, not entered into on arm's length basis, or not approved by the General Assembly, and if any member of the Board has a direct or indirect interest in them, this would have a material adverse effect on the Company's business, financial position, results of operations, and prospects.

2.1.21 Risks Related to Funding Reliance on Companies Owned by Related Parties

The Company may, in the future, face difficulties in covering its working capital requirements or managing them properly. Although credit facilities and financing agreements contribute to covering the Company's needs, they may not be sufficient to cover them to the required extent or in the required manner. Difficulties in managing working capital may have a material adverse effect on the Company's business, results of operations, financial position, and prospects.

On 02/11/1446H (corresponding to 30/04/2025G) and 07/11/1446H (corresponding to 05/05/2025G), the Company obtained an interest-free loan in the amount of SAR 1,200,000 and an interest-free loan in the amount of SAR 2,000,000, respectively, from Dar AlBalad Commercial Company. The Company repaid such loans in full in the amount of SAR 3,200,000 on 04/01/1447H (corresponding to 30/06/2025G). It should be noted that the bank facilities available to, and unused by, the Company during the financial period amounted to SAR 10 million. The amounts financed by Dar AlBalad Commercial Company represented 30% of the total bank facilities available to the Company from financing parties. The financial impact, if the financing available from financing parties had been used instead of Dar AlBalad Commercial Company's financing, is estimated at approximately SAR 45 thousand as interest costs on the amounts financed during the above-mentioned period.

In addition, during the Financial Year Ended 31 December 2024G, the Company obtained an interest-free loan from GSC Solutions (formerly Global Specialty Chemicals Company) in the amount of SAR 17,500,000 for the purpose of investing in a property; however, the project was cancelled and the amount was returned to GSC Solutions (formerly Global Specialty Chemicals Company)² on the next Business Day. The Company also obtained another interest-free loan from Dar AlBalad Contracting and Operation Company in an aggregate amount of SAR 42,854,174, of which SAR 35,200,000 was allocated for the purpose of investing in a property that was cancelled and, accordingly, the amount was returned to Dar AlBalad Contracting and Operation Company on the next Business Day, and SAR 7,654,174.5 to cover operating expenses, pay salaries, and pay Value Added Tax.

The Company obtained the General Assembly's approval for such financing in its meetings held on 20/10/1446H (corresponding to 18/04/2025G) and 16/03/1447H (corresponding to 08/09/2025G).

The Company may, in the future, need to obtain additional financing to cover working capital requirements or implement future growth plans. The Company's ability to manage its working capital needs depends on the controls and policies adopted with respect to collecting receivables within the specified deadlines. The absence of such controls limits the Company's ability to control the level of liquidity required to manage working capital effectively. If the Company is unable to provide liquidity to support its working capital on terms suitable for the Company, this will have a material adverse effect on the Company's business, results of operations, and prospects.

² It should be noted that the Company acquired the entire share capital of GSC Solutions (formerly Global Specialty Chemicals Company) in January 2025G. Accordingly, the transactions with such company involve an indirect interest of the Board members, Mr. Abdullah Ibrahim Bin Salamah and Mr. Abdulaziz Ibrahim Bin Salamah, in accordance with the provisions of the Implementing Regulations of the Companies Law (relating to unlisted companies). Therefore, the Company obtained the approval of the Extraordinary General Assembly held on 18/04/2025G for such financing. However, following the Listing, the exception set out in the Implementing Regulations of the Companies Law relating to listed joint stock companies shall apply, pursuant to which transactions entered into between the Company and its wholly-owned subsidiaries are not classified as transactions with Related Parties. Accordingly, GSC Solutions (formerly Global Specialty Chemicals Company) will not be considered a Related Party following the Listing.

2.1.22 Risks Related to Financing Provided to Companies Owned by Related Parties

During 2021G and 2022G, the Company provided financing to Dar AlBalad Commercial Company, which is a Related Party, in an aggregate amount of SAR 21,250,030, including SAR 8,850,030 during 2021G and SAR 12,400,000 during 2022G. On 13 June 2023G, such balance was settled against a reduction of retained earnings in the amount of SAR 4,332,864 and the write-off of the entire additional paid-in capital balance of SAR 14,217,166, pursuant to the capital owner's resolution. In addition, on 25 July 2023G, an additional debit balance in the amount of SAR 1,000,000 was settled against a reduction of the Company's retained earnings pursuant to the capital owner's resolution. For further details, please refer to Section 7 ("**Dividend Distribution Policy**").

In addition, during 2023G, the Company provided the following financing to Related Parties: (1) financing to Dar AlBalad Commercial Company in the amount of SAR 16,430,000; (2) financing in the amount of SAR 3,491,559 to Dar AlBalad Contracting and Operation Company; and (3) financing in the amount of SAR 600,000 to GSC Solutions (formerly Global Specialty Chemicals Company). In addition, during 2024G, the Company provided the following financing to Related Parties: (1) financing to Dar AlBalad Commercial Company in the amount of SAR 38,800,000; (2) financing to Najm for Commercial Investment Company in the amount of SAR 3,000,000; and (3) financing to the Saudi Tunisian Electrical & Gas in the amount of SAR 1,000,000.

The Company obtained the General Assembly's approval for such financing in its meetings held on 20/10/1446H (corresponding to 18/04/2025G) and 16/03/1447H (corresponding to 08/09/2025G).

As at the date of this Prospectus, the Company has no outstanding receivables due from Related Parties.

This type of financing involves risks that may affect the Company's financial position, as such financing may place pressure on the Company's cash liquidity, thereby limiting its ability to meet its operating or investment obligations in a timely manner, particularly in the absence of corresponding cash inflows.

Moreover, settling such financing through a reduction of retained earnings and additional paid-in capital, rather than cash repayment, may reduce equity, weaken the Company's financial position, and limit its ability to distribute dividends in the future. This may have a material adverse effect on the Company's business, results of operations, financial position, and prospects.

2.1.23 Risks Related to the Company's Reliance on Its Senior Management and Key Employees

The Company's success depends on the continued service and performance of its senior management and other key employees, as well as its ability to identify, recruit, develop, motivate, and retain qualified personnel in the future. The Company may be required to dedicate significant financial and human resources to attract and retain new executives or senior employees. The loss of the Company's Senior Executives or key personnel could delay or prevent the execution and achievement of its strategic objectives and would require management's attention to be diverted toward identifying qualified replacements. This would adversely affect the Company's ability to manage its operations efficiently and effectively. Furthermore, the Company's Senior Executives or key employees may resign at any time. If the Company is unable to hire and retain Senior Executives or employees with a high level of skills in relevant areas, it would have a material adverse effect on the Company's business, results of operations, financial position, and prospects.

2.1.24 Risks Related to Customer Data Protection

Due to the nature of its business, the Company relies on providing IT services, technical support, and solutions to customers to generate revenue. By the nature of their work, the Company's employees gain access to customer information and data, which may include sensitive and confidential data. It should be noted that most contracts entered into with the Company's customers include clauses concerning the protection and confidentiality of the data and information accessed by employees. The Company and its employees are required to protect customer data and refrain from disclosing, publishing, or using such data for personal purposes. Failure to comply with these obligations presents a serious risk to the Company's reputation and its relationships with its customers. The Company implements necessary measures through regular guidance to its teams on confidentiality and by signing appropriate confidentiality agreements with employees tailored to the nature of each project.

It is important to note that the Company's and its employees' failure to protect customer data constitutes a breach of the contractual obligations outlined in customer agreements. Such breaches may result in contract terminations by customers and lawsuits from affected customers seeking financial compensation for damages resulting from data leakage or unauthorized use. As at the date hereof, the Company has not faced any contract terminations due to data leaks or unauthorized use of information.

If the Company fails to safeguard customer data, this would have a material adverse effect on the Company's business, results of operations, financial position, and prospects.

2.1.25 Risks Related to Regulatory Requirements, Permits, Licenses, and Approvals Necessary for the Company's Business

The Company must obtain and maintain permits, licenses, and approvals from various governmental authorities to conduct its commercial business and activities. These include, but are not limited to, commercial registration certificates issued by the Ministry of Commerce, Manassa Tech licenses issued by the Communications, Space & Technology Commission, the City Service Providers Classification Certificate, Civil Defense permits, Chamber of Commerce membership certificates, and trademark registration certificates. Additionally, the Subsidiary is required to obtain licenses from the National Center for Environmental Compliance and the Saudi Authority for Industrial Cities and Technology Zones (MODON) (for more information, please refer to Section 12.5 ("**Government Consents, Licenses, and Certificates**") of this Prospectus).

The Company and its Subsidiary may face difficulties in obtaining these permits, licenses, and governmental approvals, or in meeting the conditions required to obtain or renew them. The Company may also be unable to comply with new laws, regulations, or policies that may come into force from time to time in relation to the IT sector in general or the industrial services sector. The Subsidiary may be subject to penalties from the National Center for Environmental Compliance in the event of its failure to obtain an environmental permits for its industrial facilities. These penalties may include fines of up to SAR 20,000,000, or suspension of the license or permit for up to six months per violating site, or revocation of the license or permit, which could hinder or disrupt the Company's operations and lead to additional costs. This may have a material adverse effect on the Company's business, results of operations, financial position, and prospects.

Most of the current licenses of the Company and its Subsidiary are subject to conditions under which the licenses may be suspended or revoked if the Company fails to comply with such conditions. Moreover, there is no guarantee that the Company will obtain the necessary approvals from the relevant authorities when seeking to renew or amend any license, or that such renewals will be granted without imposing terms that adversely affect the Company's performance.

If the Company or its Subsidiary is unable to obtain or renew any necessary license, if its licenses expire or are suspended, if any license is renewed on unfavorable terms, or if the Company fails to obtain any additional required licenses in the future, the Company may be required to partially or fully cease its operations. Furthermore, governmental authorities may impose fines, which could disrupt the Company's operations, result in additional costs, and have a material adverse effect on the Company's business, results of operations, financial position, and prospects.

2.1.26 Risks Related to the Implementation of a Newly Adopted Internal Corporate Governance Manual

The Ordinary General Assembly approved the implementation of the Company's internal governance manual on 20/10/1446H (corresponding to 18/04/2025G). The manual includes rules and procedures drafted based on the Corporate Governance Regulations issued by CMA. The Company's success in properly implementing these rules and procedures will depend on the extent to which the Board of Directors, its committees, and Senior Executives understand, adopt, and effectively implement them, especially with regard to governance, board and committee formation, independence requirements, conflict of interest rules, and Related Party Transactions.

Additionally, Article 22 of the Corporate Governance Regulations requires the adoption of a detailed written policy defining the delegated authorities to executive management and a matrix outlining those authorities. On 17/09/1446H (corresponding to 17/03/2025G), the Ordinary General Assembly approved the Company's authority delegation policy governing the specialization and delegation of powers and authorities between the Board and the Senior Executives. Failure to comply with the governance rules, especially the mandatory rules derived from the Corporate Governance Regulations issued by the CMA, would subject the Company to regulatory penalties and would adversely and materially affect the Company's business, results of operations, financial position and prospects.

On 17/09/1446H (corresponding to 17/03/2025G), the Board of Directors approved the formation of the Audit Committee and the Ordinary General Assembly approved the Audit Committee Charter on 20/10/1446H (corresponding to 18/04/2025G). On 17/09/1446H (corresponding to 17/03/2025G), the Board also formed the Nomination and Remuneration Committee and the Ordinary General Assembly approved its charter on 20/10/1446H (corresponding to 18/04/2025G) (for more information, please refer to Section 5.2 ("**Board Committees**") of this Prospectus). Should the members of these committees fail in their duties or fail to adopt positions that safeguard the interests of the Company and its Shareholders, it could undermine compliance with governance requirements, ongoing disclosure obligations, and the Board's ability to oversee Company operations through these committees. This would result in a material adverse effect on the Company's business, financial position, results of operations, and prospects.

Any future inability of such committee members and independent members to carry out the tasks assigned thereto and follow a work methodology that ensures the protection of the interests of the Company and the Shareholders may affect the implementation of Governance Regulations and the efficiency of the Company's Board of Directors control over the management of its business through such committees. This may expose the Company to potential non-compliance with continuous disclosures after listing requirements on one hand, and to operational, administrative and financial risks on the other. Consequently, this would have a negative and material impact on the Company's business, results of operations, financial position and prospects.

2.1.27 Risks Related to Limited Experience in Managing a Listed Joint Stock Company

Since its incorporation, the Company has operated first as an establishment and subsequently as a limited liability company until its conversion into a closed joint stock company on 05/09/1446H (corresponding to 05/03/2025G). Most of the Company's Senior Executives either lack experience or have limited experience in managing publicly listed joint stock companies in the Saudi Exchange (Tadawul) and in complying with the regulations and laws applicable to such companies, including the Companies Law and Implementing Regulations thereof with respect to listed joint stock companies. Accordingly, the Company's Senior Executives will require internal or external training in managing publicly listed companies on the Saudi Exchange (Tadawul), along with understanding the obligations imposed on such companies, including regulatory oversight and reporting obligations. This may require significant attention from the Senior Executives, which could divert their attention away from the day-to-day management of the Company. If the Company does not comply with the regulations and disclosure requirements imposed on listed companies in a timely manner, it will be exposed to regulatory sanctions and fines and may be exposed to reputational damage. The imposition of fines on the Company and/or reputational damage will materially and adversely affect the Company's business, results of operations, financial position, and prospects.

2.1.28 Risks Related to the Company's Involvement in Legal Proceedings and Imposition of Fines

The Company, its Directors or officers, may become involved in lawsuits or regulatory actions with parties including suppliers, employees, competitors, regulatory bodies, customers, or owners of the land or properties leased for its operations. Any unfavorable outcome in such litigation and regulatory proceedings would have a material adverse effect on the Company's business, financial position, results of operations, or prospects. In addition, regardless of the outcome of any litigation or regulatory proceedings, these proceedings could result in substantial costs and may require that the Company devote substantial resources to defend against these claims, which would have a material adverse effect on the Company's business, results of operations, financial position and prospects. As at the date of this Prospectus, neither the Company nor its Subsidiary are party to any material legal proceedings.

2.1.29 Risks Related to Employee Misconduct and Errors

The Company's employees may engage in misconduct or make errors that may adversely affect the Company's business and result in a violation of laws, potentially leading to regulatory penalties imposed on the Company by the competent authorities. Such penalties would vary according to the misconduct or error and would cost the Company financial liability and/or damage its reputation. Such misconduct and/or errors may include:

- unauthorized dissemination of confidential information or trade secrets to a customer, a competitor, or the market;
- culturally insensitive behavior;
- engagement in the misrepresentation of products or fraudulent, deceptive, or otherwise improper activities while marketing the Company's products to current or potential customers;
- lack of compliance with applicable laws or internal controls and procedures; and
- failure to document transactions properly in accordance with the Company's standardized documentation and processes, failure to take appropriate legal advice in relation to non-standard documentation, or failure to obtain proper internal authorization.

There can be no assurance that the Company's corporate governance and compliance policies (including with respect to sanctions and trade restrictions, anti-bribery and anti-corruption, employee conduct and whistleblowing policies in relation thereto) will protect it from improper conduct of its employees. If any of the Company's employees engages in misconduct or makes errors that result in liabilities and/or financial penalties, this will have an adverse effect on the Company's business, results of operations, financial position, and prospects.

2.1.30 Risks Related to Operations and Unexpected Business Interruptions

The continuity of the Company's and its Subsidiary's operations depends on the functionality and effectiveness of their distribution networks and operational systems. The Company is exposed to significant operational risks arising from various factors, including natural disasters, sudden failures in core systems, underperformance or shutdowns of distribution networks and IT systems, or leaks and structural failures within distribution infrastructure. These risks could cause substantial damage to industrial facility assets or to the workforce, disrupt the distribution process, and hinder the Company's ability to deliver its products. Such events may also result in environmental damage and high liabilities and repair costs, which could have a material adverse effect on the Company's business, results of operations, financial position, and prospects. It is worth noting that the Company and its Subsidiary have not experienced any business interruptions during the Financial Years Ended 31 December 2022G, 31 December 2023G, 31 December 2024G, the Six-Month Period Ended 30 June 2025G and up to the date of this Prospectus.

2.1.31 Risks Related to the Concentration of the Company's and its Subsidiary's Revenue from Key Customers

Revenue from the Company's top five customers represented 49.7%, 48.2%, 50.5%, 52.8%, and 46.2% of the Company's total revenues for FY22G, FY23G, FY24G, and the Six-Month Periods Ended 30 June 2024G and 30 June 2025G, respectively. The value of the Company's transactions with the ten Key Customers represented 73.4%, 72.1%, 72.1%, 74.5%, and 64.9% of the Company's total revenues for FY22G, FY23G, FY24G, and the Six-Month Periods Ended 30 June 2024G and 30 June 2025G, respectively. The Company's business would be adversely affected if any of these Key Customers were to terminate their business with the Company in the future, shift to other companies, or undergo strategic or other changes, which could have a material adverse effect on the Company's business, operations, financial position, and prospects.

The Subsidiary's revenues from its transactions with its ten Key Customers amounted to SAR 20.6 million, SAR 40.9 million, SAR 26.3 million, SAR 10.8 million, and SAR 13.7 million, representing 85.5%, 91.1%, 86.1%, 92.3%, and 97.0% of the Subsidiary's total revenues for FY22G, FY23G, FY24G, and the Six-Month Periods Ended 30 June 2024G and 30 June 2025G, respectively. Revenues from the Subsidiary's top five customers represented 76.4%, 81.3%, 74.9%, 75.1%, and 83.7% of the Subsidiary's total revenues for FY22G, FY23G, FY24G, and the Six-Month Periods Ended 30 June 2024G and 30 June 2025G, respectively. The Subsidiary's revenues are significantly concentrated in transactions with two key customers in each financial year, namely Saudi Basic Industries Corporation (SABIC) and Saudi Arabian Oil Company (Aramco), whose revenues represented 17.6%, 47.8%, 47.7%, and 49% of the Subsidiary's total revenues for FY22G, FY23G, FY24G, and the Six-Month Period Ended 30 June 2025G, respectively, which are conducted on the basis of purchase orders. Since the Subsidiary provides its services to these customers without entering into written contracts, it cannot guarantee the continuity of providing industrial services to such customers or the stability of its business in the absence of written contracts. This also entails a lack of clarity regarding the rights and obligations of both the Subsidiary and these customers. Accordingly, it may be difficult for both the Subsidiary and these customers to ensure full compliance with their obligations under these transactions. As a result, there is a higher likelihood of disputes arising between the Subsidiary and these customers. Any disputes between the Subsidiary and these customers would damage the Subsidiary's reputation, increase its costs, reduce its revenue, and erode its market share, which would materially and adversely affect the Subsidiary's business, results of operations, financial position, and prospects (for more information, please refer to Section 2.1.28 ("**Risks Related to the Company's Involvement in Legal Proceedings and Imposition of Fines**") of this Prospectus).

2.1.32 Risks Related to the Adequacy of Insurance Coverage

The Company and its Subsidiary maintain insurance policies to cover their businesses and operations (for more information, please refer to Section 12.10 ("**Insurance**") of this Prospectus). However, there is no assurance that such insurance coverage will be adequate at all times and under all circumstances, or that the coverage limits will be sufficient in every instance to cover claims related to insured risks. The Company and its Subsidiary may also be unable to recover under existing insurance policies for any liability or loss due to exclusions or limitations in coverage, or due to a failure to meet certain insurance requirements in relation to a specific claim. This would require the Company and its Subsidiary to bear the costs of losses arising from such incidents, which could have a material adverse effect on the Company's business, results of operations, financial results, and prospects.

Furthermore, the Company and its Subsidiary may, in the future, be exposed to potential risks that are either not covered or insufficiently covered by their current insurance policies, such as risks resulting from hostile acts, political risks, wars, sabotage, and others. In addition, the current insurance policies contain exclusions and coverage limitations and may not be available in the future. As a result, losses or liabilities arising from uninsured or underinsured risks may significantly increase the Company's costs, which would materially and adversely affect its business, results of operations, financial position, and prospects.

2.1.33 Risks Related to the Calculation of EBITDA

The Company's EBITDA amounted to SAR 25.1 million, SAR 35.1 million, SAR 43.3 million, SAR 18.5 million, and SAR 27.5 million for the Financial Years ended 31 December 2022G, 2023G, 2024G, and the Six-Month Periods Ended 30 June 2024G and 30 June 2025G, respectively. The Company's EBITDA includes several items that may be non-recurring and could affect the comparability of EBITDA with the Company's actual operational performance. These items include investment income, income from financial portfolios, income from the Human Resources Development Fund (HRDF) support program, market study fees, tax expenses, and employee benefits obligations provision, as well as profits from sales and services provided to Related Parties. It also includes expenses such as office rent impacted by the implementation of IFRS 16, technical support costs, inventory obsolescence provision, expected credit loss provision, and residency fees, which were not distributed evenly over the past three financial years, in addition to withholding tax expense and value-added tax expense, as the Company did not apply accrual-based accounting for prepaid value-added tax for the financial periods ended 30 June 2024G and 2025G.

Total exclusions from non-recurring items (which consist of investment income, other revenue, rental expense, technical support costs, residency permit fees, withholding tax expense, value-added tax expense, and market study fees) amounted to SAR 1.4 million, SAR 0.6 million, SAR 3.8 million, SAR 1.6 million, and SAR 1.1 million in FY22G, FY23G, FY24G, and the Six-Month Periods Ended 30 June 2024G and 30 June 2025G, respectively. It is worth noting that there is no binding accounting standard that defines non-recurring or non-operating items, which may lead to variations in the interpretation of the Company's financial results compared to those of other companies. Furthermore, some of these items, such as HRDF support or residency fees, may recur in the future, albeit at different values. This may result in discrepancies between current and future earnings, potentially affecting the reliability of the Company's profitability indicators for investors and the dependability of these metrics when comparing the Company's performance with its competitors.

2.1.34 Risks Related to the Quality of Working Capital and Liquidity

The Company's net working capital increased from SAR 47.4 million as at 31 December 2022G to SAR 69.8 million as at 31 December 2023G and SAR 78.1 million as at 31 December 2024G, and SAR 137.5 million as at the Six-Month Period Ended 30 June 2025G. This increase is mainly attributed to the rise in unbilled revenue (amounting to SAR 5.7 million, SAR 17.0 million, SAR 24.5 million, and SAR 50.0 million for the Financial Years Ended 31 December 2022G, 2023G, 2024G, and the Six-Month Period Ended 30 June 2025G, respectively). The inclusion and consolidation of the Subsidiary's results in the consolidated financial statements for the Six-Month Period Ended 30 June 2025G also contributed to an increase in net working capital, as the Subsidiary contributed SAR 6.9 million in unbilled revenue, SAR 3.0 million in inventory, and SAR 2.7 million in accounts receivable. This increase is primarily due to delays in issuing invoices to customers caused by the extended review periods of employee timesheets by certain customers. Additionally, trade receivables increased by 168.0% during the same period, along with the existence of outstanding dues from Related Parties. It should be noted that trade receivables and unbilled revenues represented 47.5% and 31.5% of total current assets, respectively, in June 2025G, indicating that a significant portion of cash is tied up in the working capital cycle. The average collection period also rose from 57 days as at 31 December 2023G to 69 days as at 31 December 2024G, with the average collection period continuing to rise to 97 days as at the Six-Month Period Ended 30 June 2025G as a result of customer delays in approving service timesheets, which consequently delayed the issuance of due invoices. It should be noted that the process of reviewing the Company's employee timesheets, in addition to resolving any disputes before issuing invoices to customers, is generally limited to 15 contractual days. However, since the Company does not maintain records of its unbilled revenue, and it also does not maintain aging analysis records for its unbilled revenues. Unbilled revenue balances exceeding 60 days have been observed, particularly with a Listed Software and Services Company - 1, a government-Related Entity -3, and a Saudi Bank - 4. If this operational pattern continues, it may lead to the periodic accumulation of unbilled balances, which could expose the Company to risks related to collection delays, cash flow disruptions, and the potential need to record expected credit loss provisions. Moreover, the increase in this type of revenue may indicate a weakness in the operational revenue cycle, which may require future restructuring or investment to enhance billing process efficiency. This growing reliance on operational financing through receivables may also result in liquidity pressures, particularly if collection processes are delayed or if certain customers default on payments.

In addition, the Company's working capital includes items of a non-operational or debt-like nature, such as receivables from Related Parties, Zakat provisions, lease-related obligations, and certain estimates that are not precisely measurable, such as prepaid residency fees, prepaid value-added tax, accrued value-added tax, inventory obsolescence provisions, and non-operating investments. Given the lack of a unified accounting standard that clearly defines non-operational or debt-like items, reliance on such estimates may result in inconsistencies in the presentation of the financial position across reporting periods and may hinder investors' ability to assess the quality of the Company's financial performance. Future accounting regulations or regulatory requirements may also necessitate the reclassification of some of these items or require additional disclosures, which may negatively and materially affect the Company's liquidity and operational indicators, and consequently its business, results of operations, financial position, and prospects.

2.1.35 Risks Related to the Absence of Ageing Records for Unbilled Revenues

The Company does not maintain ageing analysis records for its unbilled revenues (Unbilled Revenues Ageing), which is considered a material practice for managing the revenue and collections cycle. The balance of unbilled revenues amounted to SAR 5.7 million, SAR 17.0 million, SAR 24.5 million, and SAR 50.0 million as at 31 December 2022G, 2023G, 2024G, and the Six-Month Period Ended 30 June 2025G, respectively, reflecting a growing increase in this line item.

It has been noted that a portion of these balances exceeds a period of 60 days, particularly in respect of certain key customers such as Listed Software and Services Company -1, Government-Related Entity -3, and Saudi Bank -4. The absence of detailed ageing records for unbilled revenues weakens the Company's ability to proactively monitor these balances and increases the difficulty of determining the length of time during which unbilled revenues remain outstanding without being addressed. This limits the effectiveness of the Company's internal control systems over the revenue and collections cycle and delays the ability to intervene early to address any potential delays.

The continued accumulation of such balances over extended periods may give rise to operational and financial risks, including collection risks, as certain unbilled balances may become doubtful debts due to the prolonged period during which they remain outstanding without invoices being issued; cash flow risks, as delays in billing may reduce the Company's available cash flows and place additional pressure on operating liquidity; and provisioning risks, as the Company may be required to recognize provisions for expected credit losses if the collection of certain of these balances becomes impaired.

Accordingly, the increasing reliance on unbilled revenues without an established ageing system indicates a potential weakness in the Company's operational revenue cycle and may require improvements to billing and follow-up systems or investments in technological solutions to enhance efficiency and governance. Any continuation of this operating pattern may have a material adverse effect on the Company's profitability, cash flows, financial position, and prospects.

2.1.36 Risks Related to the Newly Established Internal Audit Department

Prior to its conversion into a closed joint stock company in 2025G, the Company did not have a separate and independent internal audit department, as it was previously subject to the internal audit management of Dar AlBalad Commercial Company. Following the conversion and in preparation for its proposed initial public offering, the Company established an independent internal audit department and appointed a manager to oversee and implement its internal audit activities. However, the Company may face risks related to the operation of this internal audit department due to its recent establishment and limited operational history, which may negatively affect its ability to effectively carry out its responsibilities. These responsibilities include monitoring all financial, accounting, and other operations, and ensuring compliance with various policies, procedures, regulations, and laws. This could impact the Company's administrative and financial performance, which would have a material adverse effect on the Group's business, results of operations, financial position, and prospects.

2.1.37 Risks Related to Zakat

The Company is subject to Zakat requirements (in accordance with the Implementing Regulations for Zakat Collection issued under Ministerial Resolution No. 2216 dated 07/07/1440H (corresponding to 14/03/2019G) and Ministerial Resolution No. 1007 dated 12/09/1445H (corresponding to 22/03/2024G)) and tax regulations in the Kingdom. Any increase in Zakat or tax obligations applicable to the Company may negatively impact its profitability. The Kingdom implemented the Value Added Tax (VAT) Law effective 14/04/1439H (corresponding to 01/01/2018G), which imposes a 5% VAT on various goods and services, including the Company's products. On 17/09/1441H (corresponding to 10/05/2020G), in response to the economic impact of the COVID-19 pandemic, the Kingdom announced an increase in VAT to 15%, which became effective on 10/11/1441H (corresponding to 01/07/2020G). As VAT is borne by the end consumer by nature, this increase led to higher selling prices for the Company's products or services. This increase, or any future increases in Zakat or tax obligations, may adversely affect the Company's profitability.

The Company has submitted its Zakat declarations since its establishment, including for the Financial Years Ended 31 December 2022G, 31 December 2023G and 31 December 2024G, and has paid all Zakat dues on their respective due dates. The Company has received Zakat certificates for the Financial Years Ended 31 December 2022G, 31 December 2023G and 31 December 2024G. In addition to reviewing the above-mentioned declarations, the Zakat, Tax and Customs Authority (ZATCA) has not initiated any audit of the declarations for the Financial Years Ended 31 December 2022G, 31 December 2023G and 31 December 2024G. The Company calculated the necessary provisions for the Six-Month Period Ended 30 June 2025G in accordance with Zakat requirements.

Nonetheless, there remains a risk that ZATCA may retrospectively reassess any prior financial year up to five years, and possibly more in certain cases, if no Zakat assessment has been finalized, and challenge the submitted declarations, requiring the Company to pay additional Zakat amounts. The Selling Shareholder shall bear any additional claims that may arise from Zakat, Tax and Customs Authority in respect of all previous financial years up to the date of the Company's Listing on the Main Market of Tadawul Saudi Arabia.

The application of both value-added tax and real estate transaction tax is relatively new, and the Group may make errors in implementing the regulatory requirements. Should the Zakat, Tax and Customs Authority impose any additional claims on the Company, this may result in the imposition of penalties on the Company by the Zakat, Tax and Customs Authority in accordance with the Value-Added Tax Law or the Real Estate Transaction Tax Law. Any claims or penalties relating to financial periods prior to the Listing shall be borne by the Selling Shareholder, and this may have a material adverse effect on the Company's business, results of operations, financial position, and prospects.

2.1.38 Risks Related to Employee End-of-Service Benefits Obligations

The Company's employee end-of-service benefits obligations amounted to SAR 7.6 million, SAR 10.6 million, SAR 10.0 million, and SAR 11.2 million as at 31 December 2022G, 2023G, 2024G, and the Six-Month Period Ended 30 June 2025G, respectively. The Company calculated the end-of-service obligations for FY22G and FY23G based on an actuarial valuation conducted at the parent company level, without preparing an independent actuarial study specifically for the Company that considers its actual variables such as employee turnover rates, future salary increases, and discount rates. If regulatory authorities require the preparation of an independent actuarial valuation for those periods following the Offering, this may result in a material change in the recorded obligations of the Company, which could have a negative financial impact on the Company's financial position and operating results. It may also affect the consistency of financial disclosures between pre- and post-Offering periods.

2.1.39 Risks Related to the Issuance of Non-Compliant Internal Credit Notes

The Group previously issued internal credit notes for internal purposes without officially issuing such notes to customers, in order to amend certain VAT invoices previously issued to customers. However, those credit notes did not meet the regulatory requirements stipulated under the VAT regulations issued by ZATCA. Examples of non-compliance include the failure to include the term "credit note" in Arabic, failure to reference the original invoice number and date, and failure to state the reason for issuance.

The Group recorded VAT reductions in its tax returns based on these credit notes. If ZATCA does not accept these adjustments due to the failure to meet regulatory requirements, the Group may be required to pay VAT differences in addition to fines of up to SAR 50,000 per instance in the event the Company fails to respond to take corrective actions after five notifications from the Zakat, Tax and Customs Authority, pursuant to the provisions of the VAT Law.

It should be noted that the Group has updated its credit note template to comply with ZATCA requirements and has commenced the necessary procedures to rectify the previously issued documents. However, there is no guarantee that ZATCA will accept such corrections or waive the associated penalties. Accordingly, any potential tax claims could have a material adverse effect on the Company's business, results of operations, financial position, and prospects.

2.1.40 Risks Related to the Potential Creation of a Permanent Establishment Due to Employing Staff Outside the Kingdom

The Company employs a limited number of staff residing outside the Kingdom, approximately 12 out of 545 employees as at the Financial Year Ended 31 December 2022G, 16 out of 662 employees as at the Financial Year Ended 31 December 2023G, 30 out of 775 employees as at the Financial Year Ended 31 December 2024G, and 30 out of 863 employees as at 30 June 2025G, in countries including the Arab Republic of Egypt, the Republic of India, the Hashemite Kingdom of Jordan, the Islamic Republic of Pakistan, the Republic of the Sudan, and the United Arab Emirates. These employees provide services for the benefit of the Company's customers, and the Company applies a 5% withholding tax on the salaries transferred to them in accordance with the applicable regulations in the Kingdom.

However, employing individuals who work from outside the Kingdom on behalf of the Company may, under the tax laws applicable in those countries, result in the creation of a permanent establishment for the Company in the jurisdictions where such employees reside, depending on the nature of the tasks they perform and their connection to the Company's core business activities. Should the foreign tax authorities consider that such presence constitutes a permanent establishment, the Company may be required to register for tax purposes in those countries, pay income taxes on the profits attributable to such permanent establishments, comply with local tax return filing requirements, and bear additional regulatory and administrative costs.

There can be no assurance that such permanent establishments will not arise or that the Company will not be subject to related obligations in the future. Accordingly, any undisclosed tax liabilities would have a material adverse effect on the Company's results of operations and financial position.

2.1.41 Risks Related to Accounts Receivable

The Company may face risks related to accounts receivable, represented in the potential delay or default in collecting receivables from customers, which may adversely affect cash flows and the Company's ability to finance its operations and expansion plans. The total accounts receivable due to the Company amounted to SAR 30.4 million, SAR 33.0 million, SAR 51.6 million, and SAR 82.2 million as at 31 December 2022G, 31 December 2023G, 31 December 2024G, and 30 June 2025G, respectively, with an expected credit loss provision recorded during the same periods of SAR 5.6 million, SAR 4.9 million, SAR 5.2 million, and SAR 6.3 million, respectively. The Company follows a policy of calculating expected credit loss provisions in accordance with the requirements of International Financial Reporting Standard (IFRS 9), in order to estimate potential future losses on financial assets, particularly accounts receivable. Financial assets are classified into three stages depending on changes in the level of credit risk, and the provision is calculated based on factors including probability of default, loss given default, and exposure at default, taking into account historical data, macroeconomic indicators, and forward-looking expectations. The Company also applies multiple scenarios to estimate these losses and assigns appropriate probability weightings to each. The credit periods agreed with customers range between thirty (30) and ninety (90) days. The Days Sales Outstanding amounted to approximately sixty-three (63) days, fifty-seven (57) days, sixty-nine (69) days, and ninety-seven (97) days as at 31 December 2022G, 31 December 2023G, 31 December 2024G, and 30 June 2025G, respectively.

The Company's bad debts amounted to SAR 0, SAR 1,252,141, SAR 0, and SAR 0 during the Financial Years Ended 31 December 2022G, 2023G, and 2024G, and the Six-Month Period Ended 30 June 2025G, respectively.

Table (2.3): Accounts receivable as at 31 December 2022G, 31 December 2023G, 31 December 2024G, and for the Six-Month Period Ended 30 June 2025G

SAR thousands	31 December 2022G	31 December 2023G	31 December 2024G	Change (2022G - 2023G)	Change (2023G - 2024G)	30 June 2025G	Change (31 December 2024G - 30 June 2025G)
Accounts Receivable – Private	28,947.0	27,557.5	41,907.2	(4.8%)	52.1%	81,166.5	93.7%
Accounts Receivable – Government	1,450.3	5,421.5	9,693.2	273.8%	78.8%	1,047.3	(89.2)%
Total Accounts Receivable	30,397.3	32,979.0	51,600.4	8.5%	56.5%	82,213.8	59.3%
Expected Credit Loss Provision	(5,560.4)	(4,928.2)	(5,234.2)	(11.4%)	6.2%	(6,804.8)	30.0%
Net Accounts Receivable	24,836.9	28,050.8	46,366.2	12.9%	65.3%	75,409.0	62.6%

Source: Audited financial statements for the Financial Years Ended 31 December 2023G and 31 December 2024G, and unaudited financial statements for the Six-Month Period Ended 30 June 2025G.

Table (2.4): Aging of Trade Receivables as at 31 December 2022G

SAR thousands 31 December 2022G	0-89 days	90-179 days	180-269 days	270-359 days	More than 359 days	Total
Value	19,256.0	5,287.9	3,907.4	923.0	1,023.1	30,397.3
Expected Credit Loss Allowance	2,400.5	977.4	1,134.6	296.6	751.3	5,560.4
Net Trade Receivables	24,836.9					

Source: Audited financial statements for the Financial Year Ended 31 December 2022G.

Table (2.5): Aging of Trade Receivables as at 31 December 2023G

SAR thousands 31 December 2023G	0-89 days	90-179 days	180-269 days	270-359 days	More than 359 days	Total
Value	24,766.2	6,133.3	1,152.4	132.8	794.2	32,979.0
Expected Credit Loss Allowance	3,023.2	823.3	248.1	47.9	785.7	4,928
Net Trade Receivables	28,050.8					

Source: Audited Financial Statements for the Financial Year Ended 31 December 2023G.

Table (2.6): Aging of Trade Receivables as at 31 December 2024G

SAR thousands 31 December 2024G	0-89 days	90-179 days	180-269 days	270-359 days	More than 359 days	Total
Value	37,414.2	9,054.8	1,903.7	655.7	2,571.8	51,600.4
Expected Credit Loss Allowance	1,909.5	559.1	174.4	133.8	2,457.4	5,234.2
Net Trade Receivables	46,366.2					

Source: Audited Financial Statements for the Financial Year Ended 31 December 2024G.

Table (2.7): Aging of Trade Receivables as at 30 June 2025G

SAR thousands 30 June 2025G	0-89 days	90-179 days	180-269 days	270-359 days	More than 359 days	Total
Value	61,581.2	6,738.6	8,261.7	1,856.9	3,415.4	82,213.8
Expected Credit Loss Allowance	1,903.0	260.4	654.0	303.2	3,324.0	6,444.6*
Net Trade Receivables	75,409.0					

Source: Audited financial statements for the Six-Month Period Ended 30 June 2025G.

* The difference in the allowance for expected credit losses presented in Table 4.2, compared to the allowance presented in the financial statements and set out in Table 3.2 (a difference of SAR 360 thousand) for the Six-Month Period Ended 30 June 2025G, is due to the Company's decision not to reverse the excess allowance amounts for GSC Solutions (formerly Global Specialty Chemicals Company).

The annual increase in net trade receivables from SAR 28.1 million as at 31 December 2023G to SAR 75.4 million as at 30 June 2025G is largely attributable to the extended periods required by customers to review the invoices issued by the Company against the employee timesheets for the actual work performed. This indicates that the Company lacks effective controls over the enforcement of credit terms with each customer and does not impose penalties for late payments, and does not exert any pressure on customers to settle the amounts. This has resulted in an increase in the Days Sales Outstanding (DSO), as mentioned above, during the same period from 57 days as at 31 December 2023G to 97 days as at 30 June 2025G. It should be noted that receivables represent 47.5% of the Company's total current assets and 42.6% of the Company's assets as at 30 June 2025G. Any further delays in collections or increases in expected credit losses could adversely affect the Company's liquidity and profitability, which in turn would have a material adverse effect on the Company's business, results of operations, financial position, and prospects (for more information on receivables, please refer to Section 6.6.2.1.2 ("Trade Receivables") of this Prospectus).

2.1.42 Risks Related to Inventory

The Company did not have any inventory during the historical period from FY22G through FY24G due to the nature of its business. During the financial period ended 30 June 2025G, the Company recorded inventory related to the Subsidiary, which was acquired at the beginning of the period. The inventory consists of finished goods (SAR 2.3 million) and raw materials (SAR 0.7 million) related to the storage of chemicals for the new project in Q1-2025G of the Subsidiary with Qatar Fertilizer Company, which project was concluded as at the date of this Prospectus. It should be noted that the Company does not maintain an aging schedule for slow-moving or obsolete inventory.

If the Subsidiary fails to manage its inventory properly and accurately, or if there are material and unexpected changes in demand for its products, this may result in either an accumulation or shortage of inventory, as the case may be. Consequently, this would negatively affect the Subsidiary's ability to implement its planned sales strategies, which would, in turn, adversely affect the Company's business, results of operations, financial position, and prospects. Should the Subsidiary fail to manage inventory efficiently, this would have a material adverse effect on the Company's business, results of operations, financial position, and prospects.

2.1.43 Risks Related to the Company's Investments in Investment Portfolios

The Company's total investments in funds and investment portfolios with Capital Market Institutions amounted to SAR 0.9 million, SAR 16.1 million, SAR 12.9 million, and SAR 12.3 million as at 31 December 2022G, 31 December 2023G, 31 December 2024G, and 30 June 2025G, respectively. These investments consist of short-term deposits recorded at fair value through profit or loss, with decisions to deposit or withdraw based on the availability of liquidity and working capital requirements.

Given the nature of these investments, they are subject to market price fluctuations, which may result in the recognition of unrealized losses that negatively impact the income statement. Any decrease in the market value of such investments or realized accounting losses due to market volatility may affect the Company's business results and profitability. Furthermore, the Company's reliance on these investments as a liquidity management tool may expose it to risks in the event liquidity is not available when needed, which could have a material adverse effect on its financial position, results of operations, and prospects.

2.1.44 Risks Related to Accounts Payable

The Company's accounts payable balance amounted to SAR 0.1 million, SAR 2.8 million, SAR 1.0 million, and SAR 1.7 million, representing 0.9%, 8.7%, 3.9%, and 6.6% of total liabilities as at 31 December 2022G, 2023G, 2024G, and 30 June 2025G, respectively. These accounts payable primarily consist of medical insurance, consulting services, and travel agency expenses. The credit periods granted to the Company by its suppliers range from 30 to 60 days.

A decrease in accounts payable days would negatively affect the Company's liquidity position, which would in turn negatively impact its working capital levels. Furthermore, if the Company fails to settle its accounts payable in full or within the agreed time frame with suppliers, this would adversely affect its ability to secure future purchase agreements on favorable credit terms, which could have a material adverse effect on the Company's business, results of operations, financial position, and prospects.

2.1.45 Risks Related to Investments in Equity Instruments

The Company's total investment in equity instruments amounted to SAR 12.0 million as at 31 December 2023G. This was made through a transfer to the parent company, Dar AlBalad Commercial Company, for the purpose of investing in and developing a parcel of land, with the arrangement that the Company would recover the investment amount together with any realized gains upon the sale of the land. During 2024G, the parent company converted this investment into direct ownership in a limited liability company named Durar Al Qimmah Real Estate Company, which was established by the parent company together with others to acquire such land. On 29/10/2024G, the parties agreed to settle the loan in exchange for the Company obtaining direct interests in the Associate Company. The Company subsequently reclassified the investment as an equity investment measured at fair value through profit or loss, as it was no longer considered a receivable from the parent company but rather an investment in an associate.

Given the nature of this investment, it is subject to market price fluctuations, which may result in the recognition of unrealized losses that could adversely affect the income statement. Furthermore, any decline in the fair value of the investment or accounting losses realized as a result of real estate market fluctuations or the performance of the associate may impact the Company's results and profitability. It should be noted that the Company's management did not conduct an impairment assessment during 2024G, as the investment had not yet reached 12 months in duration. This may expose the Company to future risks in the event of a material decline in the market value of this investment, which could have a significant adverse impact on its financial position, results of operations, and prospects.

2.1.46 Risks Related to Transition to International Standards

The Company prepares its financial statements in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and as endorsed in the Kingdom of Saudi Arabia, in addition to other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA). For more information on the financial statements, please refer to Section 6 ("Management Discussion and Analysis of Financial Position and Results of Operations").

The Statutory Financial Statements for the Financial Year Ended 31 December 2022G were prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities. In the context of transitioning to IFRS, the Company prepared special purpose financial statements to illustrate the impact of the accounting transition, and the transition journal entries were reviewed by Talal Abu-Ghazaleh & Co. (Certified Public Accountants).

This transition involves risks that may affect the accuracy of the financial information presented, given that the work of the accountant, Talal Abu-Ghazaleh & Co. (Certified Public Accountants), was limited to reviewing the transition journal entries. These risks include the complexity of adjusting accounting policies, which increases the likelihood of errors in the journal entries or inconsistency in applying IFRS. Reliance on an external review may also result in differences in professional interpretations or deficiencies in the quality of the review, which may affect the integrity of the transition process.

In addition, the preparation of special purpose or Pro Forma Financial Statements may lead to misunderstanding by investors if the differences between such statements and the actual financial statements are not clearly explained, which may affect their investment decisions. Furthermore, any error in applying IFRS in accordance with SOCPA requirements may result in the rejection of the financial statements or the imposition of regulatory fines, which could have adverse effects on the Company's financial position. Accordingly, any lack of clarity regarding the full impact of the accounting transition may have a material adverse effect on the Company's business, results of operations, financial position, and prospects.

2.2 Risks Relating to the Market, Industry, and Regulatory Environment

2.2.1 Risks Related to the Impact of Political and Economic Risks in the Middle East on the Company's Operations

The Company's operations are primarily based in the Kingdom, with additional Branches of the Company and its Subsidiary in both Bahrain and Qatar. Therefore, the Company's performance, results of operations, and growth prospects are subject to the general political and economic conditions in the Kingdom, as well as the political and economic developments on a regional and international level that may affect the Saudi economy. Adverse developments in international relations or economic and political conditions in other countries—whether or not the Company operates in them—could negatively impact the Saudi economy, foreign direct investment, or the Saudi financial markets, which would have a material adverse effect on the Company's business, results of operations, financial position, and prospects.

The oil sector continues to account for a significant portion of the Kingdom's gross domestic product (GDP). Fluctuations in oil prices may adversely affect the Kingdom's economy. Moreover, the Kingdom's economic growth has experienced a slowdown in recent years. The Kingdom also faces challenges related to the relatively high population growth rate. All these factors may adversely affect the economy of the Kingdom, which in turn could have a material adverse impact on the Company's business, financial position, results of operations, and prospects.

In addition, many countries in the Middle East have experienced conflicts in the past and may do so in the future. Given that some of the Company's offices are located near neighboring countries, there is a risk that the Company's operations could be disrupted. It cannot be assured that negative diplomatic relations with these or other countries, or prevailing economic and political conditions therein, will not adversely affect the Saudi economy, foreign direct investment, or financial markets in the Kingdom in general, or the Company's business, results of operations, financial position, and prospects.

Any major unforeseen changes in the political, economic, or legal environment in the Kingdom and/or other Middle Eastern countries and/or countries from which the Company sources its products—including, but not limited to, normal market volatility, economic downturns, insolvency, weak employment levels, technological changes, and other developments—will have a material adverse impact on the Company's business, results of operations, financial position, and prospects.

Furthermore, major changes in tax or trade policies, customs duties, or trade relations between the Kingdom and other countries, or changes in local policies—such as the unilateral imposition of customs duties on imported products—and any negative backlash against the Kingdom due to increased tariffs or other changes in Saudi Arabia's trade regulations may significantly increase the Company's costs, restrict access to suppliers, and reduce economic activity, all of which would have a material adverse effect on the Company's business, results of operations, financial position, and prospects.

2.2.2 Risks Related to Competitive Factors in the Sector in Which the Company Operates

The IT market is highly competitive, as it is a highly fragmented market subject to rapid changes and developments in industry standards. The Company expects this level of competition to persist or intensify in the future. There is no assurance that the Company will continue to compete effectively with other companies in the market. The Company also expects that a large number of companies and entities will continue to develop services that currently compete or may in the future compete with some or all aspects of the Company's solutions. The Company may not succeed in developing new solutions, products, or services or keeping pace with market developments.

The Company's competitors include large and established companies. To compete effectively, the Company may be required to make significant additional investments in research and development, services, marketing, and sales in response to competition. There is no assurance that the Company will be able to compete successfully now or in the future. The Company may also face one or more market-dominant competitors, including international companies, in any sector it decides to expand into. Such companies may be able to compete more effectively than the Company by leveraging their business experience in similar markets, broader customer base, deeper sector insight, and well-established brand recognition. They may also have larger budgets, greater resources, or broader geographic presence, allowing them to outperform the Company.

Moreover, some of the Company's competitors have broader and more diverse product and service offerings and may be able to strengthen customer relationships based on other products they offer, or by providing additional features to the solutions delivered to their customers. Consequently, if the Company is unable to sufficiently differentiate its services from the products and services of its competitors, it may experience a decline in demand. Competitors may also form alliances among themselves or with third parties that further enhance their resources. Additionally, competing companies may adopt entirely different pricing or distribution models that are more attractive to customers. The Company may respond to such competitive pricing by offering discounts or promotional deals that may not necessarily increase its customer base and could simultaneously reduce its profit margins and market share.

Furthermore, the entry of new companies offering innovative solutions into the market—such as AI-based automation—could lead to a decline in demand for traditional IT services. This is due to the potential of these new technologies to perform tasks that previously required human input, thereby achieving cost savings and improved efficiency for customers. As a result, reliance on traditional IT services by customers may diminish.

If the Company fails to compete successfully against current or potential competitors, or if successful competition requires costly actions in response to competitors' strategies, this would result in a loss of market share and would have a material adverse effect on the Company's business, results of operations, financial position, and prospects.

2.2.3 Risks Related to the Competition Law

The Competition Law promulgated by Royal Decree No. M/75 dated 29/06/1440H (corresponding to 06/03/2019G) and its implementing regulations issued by the General Authority for Competition pursuant to Resolution No. 337 dated 25/01/1441H (corresponding to 24/09/2019G) prohibit practices (including agreements or contracts between entities, whether written or oral, explicit or implicit) that have the purpose or effect of violating fair competition, such as fixing prices of goods, service fees, or terms of sale or purchase. If the General Authority for Competition decides to subject the Company to investigation or determines that the Company is violating the applicable competition laws, it may impose fines of up to 10% of the total annual sales value related to the violation, or up to SAR 10,000,000 when such sales cannot be determined. Additionally, in cases it deems appropriate, the General Authority for Competition may impose a fine equal to up to three times the profits gained from the violation and may request the suspension of the Company's activities temporarily or permanently (in whole or in part) in the event of repeated violations.

The occurrence of any of the above risks would have a material adverse effect on the Company's relationships with its suppliers, revenue, financial position, results of operations, and prospects.

2.2.4 Risks Related to Natural Disasters

The occurrence of natural disasters or acts of sabotage beyond the Company's control may adversely affect its facilities, employees, or assets. If any damage is caused to the Company's facilities, assets, or equipment as a result of floods, earthquakes, storms, or other natural disasters, or due to sabotage such as terrorist attacks, this would result in system disruptions and physical damage to the Company's equipment. Consequently, the Company's operations may be suspended, costs may increase, and revenue may decline. The occurrence of any of the aforementioned events would have a material adverse effect on the Company's business, results of operations, financial position, and prospects.

2.2.5 Risks Related to Changes in Laws and Government Policies in the Kingdom or Changes in Their Scope of Application to the Company

The Company is subject to a range of laws and regulations in the Kingdom, which are enforced by various Government Authorities in accordance with government policies and directives. Demand for the Company's products and its business may be materially and adversely affected by amendments to laws, regulations, policies, or administrative directives—or their interpretations—in the Kingdom, including in particular those applicable to the real estate sector in the Kingdom.

The Company and its operations are subject to several laws and regulations that remain relatively new, and some aspects of their interpretation and application remain unclear. There is no assurance that future amendments to laws or regulations, or changes in government policies in the Kingdom—including the enactment of new laws or modifications, interpretation, or enforcement of existing ones—will be favorable to the Company. Consequently, the legal protections currently available to the Company and its Shareholders are not clearly defined.

The Company cannot predict any changes in the regulatory environment applicable to its business. As a result, the Company may become subject to fines and penalties, which would have a material adverse effect on its business, results of operations, financial position, and prospects.

2.2.6 Risks Related to Increase in Government Fees Applicable to Non-Saudi Workers

The Saudi government has issued several decisions aimed at implementing comprehensive labor market reforms in the Kingdom, alongside the imposition of additional fees on each non-Saudi worker employed by Saudi entities and companies, effective as of 01/01/2018. These include increased fees for issuing residence permits as well as renewal fees for non-Saudi family members. These fees increased progressively from SAR 2,400 in 2017G to SAR 4,800 in 2018G, and then up to SAR 9,600 in 2020G per employee.

As a result, the government fees paid by the Company for its non-Saudi employees amounted to SAR 3.3 million, SAR 4.0 million, SAR 2.3 million, and SAR 2.3 million in the Financial Years Ended 31 December 2022G, 2023G, 2024G, and the Six-Month Period Ended 30 June 2025G, respectively.

In addition, any future increases in the fees for issuing and renewing residence permits may lead to higher living costs, which could prompt foreign workers to seek employment opportunities in countries with lower living expenses. In such cases, the Company may face difficulties in retaining its non-Saudi employees, and if it is unable to replace them with suitably qualified Saudi employees, the Company may have to bear additional government fees related to the issuance and renewal of residence permits for its non-Saudi workers and their families. This would have a material adverse effect on the Company's business, results of operations, financial position, and prospects.

2.2.7 Risks Related to Nationalization, Foreign Labor, and Other Labor Law Requirements

The Nationalization and Nitaqat programs were adopted under Ministerial Resolution No. 4040 dated 12/10/1432H (corresponding to 10/09/2011G), under which the Ministry of Human Resources and Social Development (MHRSD) requires entities to employ Saudi nationals. As compliance with Nationalization requirements is a regulatory obligation in the Kingdom, private entities (excluding regional headquarters) operating in the Kingdom, including the Company, are required to employ and maintain a certain percentage of Saudi employees. These percentages vary based on the licensed activities of each company and the number of its employees. As at the date of this Prospectus, the Company and its Branches are classified within the "**Medium Green**" category.

Under the Implementing Regulations of the Saudi Labor Law and various ministerial decisions issued by the Minister of Human Resources and Social Development, certain positions are exclusively or partially restricted to Saudi nationals. Companies hiring non-Saudis in roles reserved for Saudis may face fines up to SAR 8,000 per employee, and up to SAR 6,000 per employee for non-compliance with partial Nationalization requirements.

Foreign workers are not permitted to work for any company in the Kingdom unless they are under its sponsorship, seconded by a licensed manpower services company, or providing services under a valid service agreement (within the scope of services licensed to the employer/sponsor), provided they are registered through the Ajeer Program. In the course of providing its services, the Company deploys its employees to customer premises without obtaining Ajeer Certificates in all cases, which may expose it to regulatory penalties. For a first violation of assigning foreign workers under its sponsorship to another company without valid Ajeer Certificates, the penalty is SAR 25,000 per violating worker, and the fine increases with repeated violations. As at the Six-Month Period Ended 30 June 2025G, non-Saudi employees constituted 77% of the Company's total workforce. The cost of transferring sponsorship of an employee from one company to another is SAR 2,000 for the first time, and increases by SAR 2,000 for each subsequent transfer (based on the employee's prior sponsorship transfers). For more information on employees, please refer to Section 4.11 ("**Employees**") of this Prospectus. Risks associated with foreign labor requirements include the imposition of fines or sanctions such as suspension of the Company's access to systems or recruitment operations at MHRSD if there are violations related to residency, sponsorship transfer, Ajeer Certificates, secondment, or job titles. This could adversely and materially affect the Company's business and results of operations.

As at 20/08/1446H (corresponding to 19/02/2025G), the Nationalization Rate constituted 22% of the Company's total workforce, with a total of 765 employees in the Kingdom, including 184 Saudi and 591 non-Saudi employees. As at 12/08/1446H (corresponding to 11/02/2025G), the Nationalization Rate at the Subsidiary was 35%, with a total of ten employees, including two Saudi and eight non-Saudi employees.

Failure to maintain or increase the Nationalization percentage may negatively affect the Company's business, financial position, and operating results. The Company may face challenges in retaining its non-Saudi workforce, finding suitable Saudi replacements with equivalent skills and experience, and adapting to potential changes in MHRSD's regulations and policies. While the Company is currently classified within the **"Medium Green"** Nitaqat band, failure to meet required Nationalization targets may result in penalties, including restrictions on renewing work visas for foreign employees, restrictions on hiring new foreign employees, and financial penalties up to SAR 6,000 per employee for non-compliance with specified Nationalization ratios in various occupations and activities. Non-compliance with Nationalization requirements may have a material adverse effect on the Company's business, results of operations, financial position, and prospects.

The Company may be unable to meet current or revised Nationalization or other labor-related requirements in the future and cannot guarantee that the minimum wage it must comply with will not increase. Failure to comply with Nationalization or foreign labor requirements will expose the Company to penalties imposed by government authorities. Additionally, the Company may not be able to secure the required workforce or hire the necessary number of Saudi or foreign employees without incurring additional costs, which may negatively affect its business, results of operations, financial position, and prospects.

2.2.8 Risks Related to the Sponsorship and Employment of Non-Saudi Employees

The Ministry of Human Resources and Social Development (MHRSD) announced the launch of the **"Labor Reform Initiative,"** which includes a set of policies and regulations, among them the introduction of a labor contract system between the employer and the expatriate employee to replace the sponsorship (kafala) system. This initiative came into effect on 14/03/2021G. It is part of the Kingdom's efforts to enhance and improve the work environment, increase the flexibility, efficiency, and competitiveness of the labor market, and raise its attractiveness in line with international best practices. The initiative also aims to activate the contractual reference framework for the employment relationship between the employer and the employee based on the documented employment contract through the Contract Documentation Program. The job mobility service allows expatriate employees to transfer to another employer upon the expiration of their employment contract without the need for the employer's approval. The initiative also sets out the mechanisms for transferring employment during the term of the contract, provided the notice period and specified conditions are met. The exit and re-entry service permits expatriate employees to travel outside the Kingdom by submitting a request with an automatic electronic notification to the employer. The final exit service enables expatriate employees to leave the Kingdom immediately after the end of the contract, with electronic notification to the employer and without requiring the employer's consent. It is also possible for an employee to leave the Kingdom at any time, provided they bear the consequences of unilaterally terminating the contract. All these services are available through the **"Absher"** and **"Qiwa"** platforms affiliated with MHRSD. The Group may be adversely affected if a significant number of employees decide to transfer to other companies, as it will not be able to prevent such transfers except in accordance with the employment contracts executed with them. The Group may also face difficulties in finding replacement employees. If the Group loses a large number of its employees due to their transfer to other companies and is unable to recruit new employees to replace them, this will have a material adverse effect on the Company's business, operations, financial position, and prospects.

2.2.9 Risks Related to the Imposition of Additional Fees or New Taxes

The Company is currently subject to Zakat and VAT. However, the Government may impose other fees or additional taxes on companies in the future. In the event that new taxes or fees are imposed on companies, other than the current ones, this may adversely and materially affect the Company's business, financial position, results of operations and prospects.

For example, any potential future VAT increase may reduce the level of demand for the Company's products or affect its profitability, which would have a material adverse impact on the Company's business, financial position, results of operations and prospects.

2.2.10 Risks Related to VAT

On 2 Jumada Al-Awwal 1438H, the Saudi Council of Ministers approved the Unified Agreement for Value-Added Tax for the Gulf Cooperation Council States (with the exception of certain products and services such as basic foodstuffs and services related to healthcare and education). The VAT system became effective as of 1 January 2018G, as a new tax added to other existing taxes and fees on specific sectors within the Kingdom. The value-added tax is borne by the purchaser. Accordingly, product prices will increase, which will lead to an increase in the Company's costs and expenses, thereby negatively affecting the Company's profits and results of operations.

2.2.11 Risks Related to the New Civil Transactions Law and the Implementation Thereof

The new Civil Transactions Law was issued pursuant to Royal Decree No. M/191 dated 29/11/1444H (corresponding to 19/06/2023G), and came into effect on 03/06/1445H (corresponding to 16/12/2023G). The Civil Transactions Law represents a pivotal development in the legal framework of the Kingdom, as it constitutes one of the most significant legislative reforms in the modern history of the Kingdom. This Law codifies the rules applicable to the Group's operations and activities and includes new provisions related to agreed-upon compensation, compensation for contractual breaches (including loss of profits and moral damages), damages resulting from harmful acts, statutes of limitations for specific claims, among other matters. Furthermore, the Civil Transactions Law is intended to apply retroactively, except in cases where one of the concerned parties invokes a statutory provision or principle regarding a specific matter that contradicts its provisions, or where the provision relates to a statute of limitations that began prior to the Law's effective date. As at the date of this Prospectus, the Company has not conducted an assessment of the impact of the new Civil Transactions Law on its operations or of the implications of its retroactive application. Should the impact prove material, or should the Company incur additional costs to take the necessary steps to ensure compliance with its provisions, this may have a material adverse effect on the Group's business, financial position, results of operations, and prospects.

2.3 Risks Related to the Offer Shares

2.3.1 Risks Related to Actual Control by Current Shareholders

Following the completion of the Offering, the Current Shareholders will directly collectively own 68.5% of the Offer Shares. As such, the Current Shareholders will be able to influence all matters and decisions requiring Shareholder approval, including the election of members of the Board of Directors, approval of contracts, major Company activities and dividend distributions, as well as amendments to the Company's capital and Bylaws.

The interests of the Current Shareholders may differ from the interests of other Shareholders in the Company, and the Current Shareholders may prevent the Company from taking certain decisions or actions that may serve to protect the interests of the other Shareholders in the Company. This may also result in the postponement, delay, or prevention of any change in control or in the distribution of proceeds, and may reduce demand for the Shares, which would negatively affect the value of the Shares.

Such powers may be exercised in a manner that would have a material adverse effect on the Company's business, results of operations, financial position, and prospects.

2.3.2 Risks Related to the Absence of a Prior Market for the Shares

The Company's Shares have not previously been offered or traded on a public stock market, and there is no guarantee of the existence or continued existence of an active and liquid market for the Shares following the Offering. In the absence of, or failure to sustain, an active and liquid market for the Shares, this could negatively impact the price of the Company's Shares or may result in a partial or total loss of Subscribers' investment in the Company, which would have a material adverse effect on the expected returns of the Subscribers.

2.3.3 Risks Related to Future Sales and Offers

The sale of a large number of Shares on the stock market following the completion of the Offering, or the perception that such sales may occur, could negatively impact the market price of the Shares. Upon successful completion of the Offering, the Substantial Shareholder will be subject to a lock-up period of six months, during which the Substantial Shareholder is prohibited from disposing of any of the Shares it owns. The sale of a significant number of Shares by the Substantial Shareholder after the lock-up period may adversely affect the stock market, potentially resulting in a decline in the market price of the Shares.

The Company currently does not intend to issue additional Shares after the completion of the Offering. However, if the Company decides to increase its share capital through the issuance of new Shares, such issuance would result in dilution of Share value. Any of the foregoing factors would have a material adverse effect on the expected returns to Shareholders and may result in the partial or total loss of their investment in the Company.

2.3.4 Risks Related to the Company's Ability to Distribute Dividends

The Company may not be able to distribute dividends, or the Board of Directors may choose not to recommend the distribution of dividends, or the Shareholders may not approve such distributions for any reason. The future distribution of dividends will depend on several factors, including, among others, future profits, financial position, cash flows, working capital requirements, capital expenditures, and the Group's distributable reserves (for more information regarding the Company's dividend policy, please refer to Section 7 ("**Dividend Distribution Policy**") of this Prospectus). Additionally, the Company may be subject to terms of future financing agreements, which may include restrictions on any dividend distributions. The Company may also incur expenses or obligations that reduce or deplete the cash available for dividend distributions. If the Company does not pay dividends on the Shares, Shareholders will not receive any return on their investment in the Shares unless they sell the Shares at a price higher than the Offer Price. There is no assurance that the Company will be able to distribute dividends to Shareholders, or that dividend distributions will be recommended by the Board of Directors or approved by the Shareholders, which may have a material adverse effect on the expected returns to investors from their investment in the Offer Shares.

2.3.5 Risks Related to Market Price Volatility of the Shares

The Offer Price has been determined based on a variety of factors that have affected, and may continue to affect, the Company and the value of the Shares. The Offer Price may not be indicative of the price at which the Shares will trade on the stock market following completion of the Offer, and Subscribers may not be able to resell the Offer Shares at the Offer Price or at a higher price, or may not be able to sell them at all.

The market price of the Shares may be volatile and may fluctuate significantly due to a variety of factors, many of which are beyond the Company's control. These factors include the Company's financial results and its prospects, fluctuations in the Company's operational performance or that of its competitors, actual or expected variations in the Company's quarterly or annual results of operations, downgrades or changes in research coverage by equity research analysts in relation to the Company, its competitors, or the sector in which it operates, public reaction to press releases and other public announcements by the Company, failure of the Company or its competitors to meet analysts' expectations, appointment or resignation of key personnel, changes in the Company's business strategy, general conditions in the industry in which the Company operates and the markets in which it competes, changes in the regulatory environment, changes in applicable accounting rules and policies, political or military developments or terrorist attacks in the Middle East or elsewhere, political, economic, or other developments occurring in or affecting the Kingdom, commencement or expiry of lock-up periods or other transfer restrictions on the Shares, natural disasters, and other factors, as well as general market conditions and economic circumstances.

The occurrence of any of these factors may result in substantial and sudden changes in the trading volume and market price of the Shares, which in turn may have a negative impact on the expected returns to Subscribers or may lead to the loss of all or part of their investment in the Company.

2.3.6 Risks Related to the Lack of Research Coverage or the Publication of Negative Research on the Company

Following Listing, the Company's Shares will be affected by the research and reports published by analysts concerning the Company or the sector in which it operates. If one or more analysts discontinue coverage of the Company or fail to publish regular reports on it, the Company may lose visibility and market presence on the Saudi Exchange (Tadawul), which could in turn lead to a decline in its Share price or trading volume. Furthermore, if the Company's operating results fail to meet investor expectations, one or more analysts covering the issuer may revise their recommendations regarding the Company, which may cause the Share price to decrease accordingly.

2.3.7 Risks Related to Foreign Currency Exchange When Investing in the Offer Shares

The Offer Shares, and any dividends distributed thereon, are denominated in Saudi Riyals. Accordingly, any investment in the Offer Shares by an investor whose primary currency differs from the Saudi Riyal will be subject to the risk of foreign exchange rate fluctuations, which may negatively affect the value of the investment in the Offer Shares or any dividends thereon.



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MARKET AND INDUSTRY SECTION



3. MARKET AND INDUSTRY SECTION

The information in this Section is based on the Market Study Report prepared by the Market Consultant (Euromonitor International Ltd), exclusively for the Company in September 2025G. The Market Consultant is an independent third-party provider of consulting services and is headquartered in London, United Kingdom. For further details about the Market Consultant, visit its website (www.euromonitor.com).

The Market Consultant does not, nor does any of its subsidiaries, affiliates, partners, shareholders, directors, managers or their relatives, own any shares or any interest of any kind in the Company. As of the date of this Prospectus, the Market Consultant has given, and not withdrawn, its written consent for the use of its name, logo, market information and data supplied by it to the Company in the form set out in this Prospectus.

The Board of Directors believes that the information and data from third party sources contained in this Prospectus, including those provided by the Market Consultant, are reliable. However, such information and data have not been independently verified by the Company, the Directors, the Advisors or the Selling Shareholders, and thus none of them bears any liability for the accuracy or completeness of such information or data. Moreover, industry and market data are subject to change and cannot always be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any survey of market size. External sources have been used for some of the information about competitors, who have not been contacted to verify the accuracy or the completeness of the information included herein. Market estimates and assumptions are based on varying levels of quantitative and qualitative analyses and actual results and future events could differ materially from such estimates, predictions or statements.

The Market Consultant has prepared this study in an independent and objective manner, and it has taken adequate care to ensure its accuracy and completeness. Research has been conducted with an **"overall industry"** perspective and it may not necessarily reflect the performance of individual companies in the industry. The Market Consultant shall not be liable for any loss suffered because of reliance on the information contained in this Prospectus.

3.1 Macroeconomic and Demographic Overview

3.1.1 Macroeconomic Overview of the Kingdom

3.1.1.1 Under Saudi Vision 2030, the Kingdom's economic modernisation and non-oil diversification have offered impetus for ICT sectors and services

Saudi Arabia is the largest economy in the Middle East and Africa (MEA), with its nominal GDP having expanded at an 8.1 per cent. CAGR from 2021G to 2024G, reaching SAR 4.6 trillion in 2024G from SAR 3.7 trillion in 2021G. GDP per capita was valued at SAR 131,706 in 2024G, increasing at a 3.2 per cent. CAGR over 2021G-2024G. Economic growth in nominal terms fluctuated in 2025G, accelerating in Q1 to 2.7 per cent. growth before contracting with a negative 0.5 per cent. growth rate in Q2 as oil-activities plummeted (negative 17.0 per cent. growth) due to lower crude and refined product prices stemming from a global economic slowdown during the period. The Kingdom's non-oil diversification agenda under Saudi Vision 2030 has driven significant advancements in infrastructure development and investment, foreign direct investment (FDI), private sector activity and consumer spending. The Vision's ambitions to expand the Kingdom's infrastructure, construction, manufacturing, industrials, transport and logistics, and tourism sectors are materialising in a spate of giga-projects - including the megacity NEOM, the Red Sea Project, the Amaala luxury destination, Diriyah Gate and ROSHN - that are supporting domestic demand for Information Communications Telecommunications (ICT) services. Supporting this infrastructural growth, the Government has committed SAR 1.6 trillion by 2030G to enhance its transport, industrial and telecommunications networks.

In real terms, the Kingdom recorded GDP growth of 2.0 per cent. in 2024G compared to 0.5 per cent. in 2023G. In Q2 2025G, real GDP registered positive growth at 3.9 per cent. driven by a positive performance in non-oil activities (2.6 per cent. growth) during the period, and an anticipated increase in oil output as OPEC's production quotas increased in April 2025G. The Kingdom's economy is still reliant on oil output. The Organization of the Petroleum Exporting Countries and its Allies (OPEC+) announced a voluntary oil production cut in 2023G, which extended into 2024G. The contribution of oil activities to total GDP diminished from 28.0 per cent. in 2023G to 24.5 per cent. in 2024G, reflecting the instability and uncertainties in the global oil trade during 2024G. The growth in GDP share of non-oil activities increased from the beginning of 2024G through to Q3 of 2024G, accounting for 56.1 per cent., up from 53.2 per cent. in 2023G. As of Q2 2025G, non-oil activities accounted for 58.4 per cent. of total GDP. The Kingdom has increased its efforts to move the economy away from oil output dependence by expanding non-oil sectors and diversifying its economic activities through its National Economic Plan Vision 2030. Through its ongoing fiscal and economic reforms, the Kingdom aims to increase non-oil exports to account for 50 per cent. of non-oil GDP by 2030G.

The following table shows the Kingdom's macroeconomic indicators from 2021G to 2029G:

Table (3.1): The Kingdom's Key Macroeconomic Indicators from 2021G to 2029G

Category	Unit	2021G ⁽¹⁾	2022G	2023G	2024G	2025G	2029G	CAGR 2021G- 2024G	CAGR 2025G- 2029G
GDP	SAR billion	3,685	4,647	4,570	4,649	4,831	5,584	8.1%	3.7%
Real GDP Growth	%	6.5	12.0	0.5	2.0	3.9	3.4	-	-
Oil Activities as a % of GDP	%	28.1	35.4	28.0	24.5	-	-	-	-
Non-Oil Activities as a % of GDP	%	50.5	47.2	53.2	56.1	-	-	-	-
Inflation	%	3.1	2.5	2.3	1.7	2.2	2.0	-	-
Consumer Expenditure	SAR billion	1,627	1,887	2,063	2,171	2,230	2,544	10.1%	3.2%
Consumer Expenditure per Capita	SAR	52,840	58,645	61,218	61,493	61,837	65,863	5.2%	1.4%
Disposable Income	SAR billion	1,595	1,767	1,927	2,019	2,071	2,350	8.2%	3.1%
Disposable Income per Capita	SAR	51,808	54,904	57,178	57,201	57,416	60,828	3.4%	1.2%
Transport, Storage, and Communications GVA as a % of GDP	%	5.2	4.3	5.0	5.0	-	-	-	-
Manufacturing as a % of GDP	%	13.2	14.4	14.8	15.7	-	-	-	-
Public Debt as % of GDP	%	25.5	21.3	23.0	26.2	29.0	-	-	-

Source: Euromonitor International estimates from United Nations, World Bank, GASTAT (historic data), and Euromonitor's Economies and Consumers database (Edition 2025G).

(1) Data for the historic 2021G to 2024G period at current prices, and for the forecast 2025G-2029G period at constant 2024G prices, at fixed exchange rates

Over the forecast period, the Kingdom's non-oil diversification efforts, urbanisation, infrastructure expansion, and social and labour market reforms are expected to drive broad-based economic growth. Nominal GDP is projected to grow at a CAGR of 3.7 per cent. between 2025G and 2029G, reaching SAR 5.6 trillion by 2029G.

3.1.1.2 The Kingdom's government expenditure is focused on regional sector development and increasing the role of the private sector

The Kingdom's total government expenditure increased from SAR 1,293 billion in 2023G to SAR 1,351 billion in 2024G, reflecting 4.4 per cent. growth over this period. Government expenditure in 2024G was focused on public social support, spending on goods and services to diversify the economy, stimulating the investment environment, improving regional sector development and increasing the role of the private sector in the economy. Public debt increased from SAR 938 billion (25.5 per cent. of GDP) in 2021G to SAR 1,216 billion (26.2 per cent. of GDP) in 2024G. The Kingdom's 2025G budget projects revenues of SAR 1,184 billion and expenditures of SAR 1,285 billion, resulting in a deficit of SAR 101 billion (2.3 per cent. of GDP), to be financed through domestic and international borrowing.

3.1.1.3 Privatisation and FDI are key anchors of Saudi Vision 2030 Vision Realisation Programmes. attracting capital and competition across sectors. including the ICT sector

As part of Saudi Vision 2030, the Kingdom aims to increase the private sector's GDP contribution to 65 per cent. by 2030G - with this share having been estimated at 52.3 per cent. in 2024G. The Kingdom is also targeting a 5.7 per cent. share of GDP from foreign direct investment (FDI) by 2030G, supported by over 300 initiatives and regulations. Key measures include the removal of foreign investment restrictions in non-oil sectors since 2016G; the launch of the National Investment Strategy (NIS) in 2021G aiming for net annual FDI flows of SAR 388 billion by 2030G; and the release of the New Investment Law in August 2024G. This law streamlines licensing processes, introduces investment incentives and strengthens investor protections. In 2023G, the Kingdom's FDI inflows reached SAR 96 billion, exceeding the NIS target of SAR 83 billion by 16 per cent.

3.1.1.4 The PIF plays a key role in providing support and funding of Vision 2030 strategic investment goals.

The Kingdom's sovereign wealth fund, the Public Investment Fund (PIF), has been positioned as an instrumental facilitator in building a thriving economy and primarily investing in the Kingdom's largest investment opportunities under its Vision 2030 strategic goals. The PIF aims to empower the private sector, drive economic diversification and job creation across 13 strategic sectors - including ICT, healthcare, financial services, and aerospace and defence.

3.1.1.5 The Kingdom's digital transition progress has elevated its digital economy readiness and increased ICT private infrastructure investment

The Kingdom has demonstrated remarkable progress in global digital government rankings in terms of digital economy advancement and readiness. Furthermore, according to the Kingdom's Digital Government Authority, the Kingdom ranked the highest globally in government ICT spending as a percentage of total IT expenditure in 2023G, accounting for 36.4 per cent.

In 2024G, the Kingdom announced its intention to launch two new multi-billion-dollar technology firms by the end of 2025G, as part of the Ministry of Finance's (MOF) budget allocation, bringing the total number of multi-billion-dollar tech companies to eight. MOF has allocated expenditure of SAR 42 billion to the infrastructure and transportation sector for 2025G. This sector encompasses key areas including communications, information technology, data and artificial intelligence, and digital government.

The Kingdom's digital transition has also enabled wider adoption of e-government services in the Kingdom under the National Transformation Programme, which had availed 6,000 government services to end- consumers by April 2023G - representing 97 per cent. of all government services.

The digitisation of G2C (government to citizen) services and national payments landscape has further prompted business and consumer demand for connected services, and in turn a more robust nationwide ICT infrastructure - focally so in areas such as cybersecurity, digital payments and data protection. One example is the Yesser e-government programme, aimed at improving the efficiency and effectiveness of public services through ICT.

Additional ICT strategic plans include a strong focus on data centres and cloud computing infrastructure via private public partnerships, supported by the government's cloud-first strategy.

3.1.1.6 The Kingdom's digital and smart transformation has materialised in substantial investments in data infrastructure. AI, cybersecurity and other emerging technologies. unlocking growth opportunities for IT services

As part of its ICT Strategy 2023G, the Kingdom's targeted the creation of over 25,000 jobs, a 50 per cent. expansion in the IT market and emerging technologies, and an additional SAR 50 billion contribution to GDP. Investments in digital infrastructure and smart grid systems have created opportunities across the ICT spectrum, including IT-related services, data warehousing and management, cybersecurity, artificial intelligence, machine learning, blockchain and IoT applications. Key smart city projects such as NEOM, Qiddiya, the Red Sea Project, Waad Alshamal and SPARK, along with efforts to enhance operational efficiency in existing cities, offer further impetus for Saudi Arabia's ICT-driven urban transformation.

The Kingdom is also advancing AI and ML capabilities through initiatives led by the Saudi Data and Artificial Intelligence Authority (SDAIA). The SDAIA aims to position Saudi Arabia as a global AI leader by 2030G - with AI's contribution to the Saudi economy projected to reach SAR 500 billion by 2030G.

On the ground, the Kingdom's key sectors are actively integrating advanced technologies in AI, IoT and cybersecurity to enhance efficiency and service delivery. The Kingdom's spending on cybersecurity is expected to reach SAR 6 billion by 2027G, translating into growth in areas such as application security, cloud security, data protection and network security services.

3.1.1.7 In parallel, the Kingdom's industrialisation drive opens opportunities for the ICT sector's role in manufacturing automation, logistics and supply chain optimisation.

In 2024G, the Saudi manufacturing sector accounted for 16.6 per cent. of GDP in Gross Value Added (GVA) terms - a share that has steadily grown from 13.2 per cent. in 2021G. By the end of 2023G, the Kingdom's cumulative investment in its industrial sector reached SAR 415 billion. Over the period 2023G to 2024G, 410 new industrial licences were issued, and 505 factories began production in the Kingdom. This growth stems from the Saudi Industrial Development Fund (SIDF) and the National Industrial Development and Logistics Programme (NIDLP). SIDF's National Investment Strategy targets SAR 557 billion in industrial exports by 2030G and SAR 97.5 billion in annual growth for the logistics sector.

The rapid expansion of the Kingdom's industrial and logistics sectors presents significant opportunities for the ICT sector. Increased factory automation and the deployment of industrial IoT solutions are critical to enabling smarter manufacturing processes and predictive maintenance. Advanced technologies such as AI-driven supply chain optimisation, real-time logistics tracking and data analytics for quality control are becoming integral to the Kingdom's industrial strategy. The expansion of factory networks and connected devices also commands robust cloud infrastructure, edge computing capabilities and enhanced cybersecurity measures to protect industrial data.

The Kingdom's localisation initiatives are forecast to drive demand for ICT services tailored to domestic manufacturing needs, such as custom ERP (Enterprise Resource Planning) solutions, digital twin technologies and machine learning algorithms for operational efficiency.

3.1.2 Demographic Overview

3.1.2.1 The Kingdom's strong urbanisation and demographic dynamics are fuelling both demand and momentum in the IT services sector

The Kingdom's population reached an estimated 35.3 million persons in 2024G, growing at a CAGR of 4.7 per cent. between 2021G and 2024G. This growth has been primarily driven by the organic expansion of the population of Saudi nationals, which accounted for 59.1 per cent. of the total population in 2024G. However, recent initiatives to attract foreign investment and liberalise the economy have also spurred a renewed influx of expatriates.

The following table shows the Kingdom's key demographic indicators from 2021G to 2029G:

Table (3.2): The Kingdom's Key Demographic Indicators from 2021G to 2029G

Category	Unit	2021G	2022G	2023G	2024G	2025G	2029G	CAGR 2021G- 2024G	CAGR 2025G- 2029G
Total Population	'000	30,784	32,175	33,703	35,300	36,066	38,627	4.7%	1.8%
Female Population	'000	12,215	12,497	12,908	13,384	13,715	14,867	3.1%	2.1%
Male Population	'000	18,570	19,679	20,795	21,916	22,351	23,760	5.7%	1.6%
Foreign Citizens	'000	12,406	13,385	13,886	14,438	14,643	15,258	5.2%	1.1%
National Citizens	'000	18,378	18,790	19,817	20,862	21,423	23,369	4.3%	2.3%
Young Adults (aged 18-29)	'000	6,770	7,027	7,059	7,176	7,317	7,456	2.0%	0.8%
Middle Youth (aged 30-44)	'000	9,663	10,206	10,879	11,431	11,569	11,637	5.8%	0.4%
Mid-Lifers (aged 45-64)	'000	4,727	5,017	5,466	5,897	6,108	6,308	7.7%	1.4%
Later Lifers (aged 65-79)	'000	692	747	818	897	948	1000.0	9.0%	2.2%

Source: Euromonitor International estimates from United Nations, World Bank, GASTAT (historic data) and Euromonitor's Economies and Consumers database (Edition 2025G)

Population growth, coupled with Saudi Vision 2030's infrastructure expansion agenda, has supported the rise on urbanisation, with the urban population growing at a CAGR of 4.9 per cent. during 2021G and 2024G, reaching 30.1 million (85.2 per cent. of the total population) in 2024G.

These urbanisation efforts and regional infrastructure developments are set to drive strong demand for ICT infrastructure to support smart cities, efficient transport systems and regional connectivity. Technologies such as IoT, 5G networks and data management platforms will play critical roles in optimising urban services and enabling seamless connectivity between emerging hubs and existing economic centres. Smart city developments, including NEOM and AMAALA, present significant opportunities for ICT solutions and IT services in urban planning, mobility and sustainable resource management.

The number of households in the Kingdom stood at 10.5 million in 2024G, and is forecast to grow at a CAGR of 3.8 per cent. from 2025G to 2029G, reaching 12.7 million in 2029G, further driving demand for ICT solutions - chiefly in areas such as high-speed broadband, cloud-based smart home technologies and cybersecurity systems to safeguard the expanding digital infrastructure.

3.1.2.2 The Kingdom's predominantly young demographic is also driving the acceleration of its digital economy and e-commerce space. and in turn greater demand for IT-related services.

The Kingdom boasts a relatively large economically active population, with 73.4 per cent. of its total population aged between 15 and 64 years old in 2024G. The Kingdom has a youthful demographic with a median age of 31 years and with 20.3 per cent. of its population aged between 18 and 29 years old in 2024G, representing a prime consumer and workforce base. This expanding segment has driven increased demand for connectivity, supported by population growth, widespread broadband technology deployment and infrastructural expansion.

Retail e-commerce in the Kingdom has seen huge gains with sales having more than doubled since 2019G in current value terms to 2024G. Sales were valued at SAR 34.8 billion in 2024G, growing at a 14.5 per cent. CAGR between 2021G and 2024G. E-commerce retail sales value accounted for 8.9 per cent. of the Kingdom's total retail sales value of SAR 389.4 billion in 2024G. The surge in growth is largely attributed to the digital adoption wave and evolving shopping preferences, especially among Millennials. E-commerce retail sales value is forecast to reach SAR 58.3 billion in 2029G, translating to a 10.9 per cent. CAGR between 2025G and 2029G.

The following table shows the Kingdom's technology and digital indicators from 2021G to 2029G.

Table (3.3): The Kingdom's Technology and Digital Indicators from 2021G to 2029G

Category	Unit	2021G	2022G	2023G	2024G	2025G	2029G
Percentage of Households with Access to Internet	% of households	99.8	100%	100%	100%	100%	100%
Percentage of Households with Access to Broadband Internet	% of households	99.8	100%	100%	100%	100%	100%
Smartphone Ownership	% of households	98.3	98.4	98.5	98.7	98.8	99.3

Source: Euromonitor International estimates from United Nations, World Bank, GASTAT (historic data) and Euromonitor's Economies and Consumers database (Edition 2025G).

3.1.3 Labour workforce overview

3.1.3.1 The Kingdom's labour programmes promote inclusivity and nationalisation with private sector support

Under Saudi Vision 2030, the Kingdom has implemented a trickle-down approach to sustainable socioeconomic development, focusing on human capital initiatives for Saudi nationals, programmes promoting entrepreneurship and SMEs, and labour market reforms that enhance inclusivity for women and youth. The Localisation Programme has played a key role in aligning workforce nationalisation with privatisation efforts, offering incentives for private sector employers to create job opportunities for Saudi nationals. Key legislative regulation changes include for example the removal of formal barriers to women's employment and the introduction of equal opportunity laws, which have boosted female labour force participation. By the end of 2024G, the female employment rate reached 31.1 per cent., up from 26.3 per cent. in 2021G. The employed female population grew by a notable 11.8 per cent. CAGR over 2021G-2024G, compared with a 6.0 per cent. CAGR for the employed male population over the same period.

A dynamic labour market and a growing middle class with increased purchasing power have driven demand for smart connectivity and advanced technology solutions in the Kingdom. This upward trend is supported by a rise in disposable income per capita, which grew at a CAGR of 3.4 per cent. between 2021G and 2024G, reaching SAR 57,201 in 2024G. Total consumer expenditure followed a similar trajectory, expanding at a CAGR of 10.1 per cent. during the same period to reach SAR 2.2 trillion in 2024G, albeit influenced by inflationary pressures.

The following table shows the Kingdom's key labour indicators from 2021G to 2024G:

Table (3.4): The Kingdom's Key Labour Indicators from 2021G to 2024G

Category	Unit	2021G	2022G	2023G	2024G
Employment Rate	% of working age 15-64 population	61.8	63.3	64.2	65.2
Male Employment Rate	% of working age 15-64 population	81.8	82.1	82.0	82.4
Female Employment Rate	% of working age 15-64 population	26.3	28.9	31.1	33.0
Unemployment Rate	% of economically active population	6.1	4.9	4.0	3.5
Economically Active Population	'000	14,850	15,778	16,691	17,661

Source: Euromonitor International estimates from United Nations, World Bank, GASTAT (historic data) and Euromonitor's Economies and Consumers database (Edition 2025G).

3.1.4 Regulatory overview

3.1.4.1 Governance of the Saudi ICT sector falls under the purview of several specialised entities, enabling focused regulation, legislation and implementation

The Kingdom's ICT sector operates within a robust governance and regulatory framework. The Ministry of Communication and Information Technology (MCIT) spearheads the development of policies governing the ICT sector.

Within the MCIT, the Communications, Space and Technology Commission (CST) - formerly known as CITC - is responsible for regulatory oversight of the ICT and space sectors. It plays a central role in shaping the sector through regulations covering licensing, spectrum management and cybersecurity.

The CST also established the Cybersecurity Operations Centre (ICT-CSIRT) to supervise cybersecurity in the ICT and postal sectors, in alignment with the National Cybersecurity Authority (NCA) standards.

Data and artificial intelligence governance falls under the purview of the Saudi Data and Artificial Intelligence Authority (SDAIA), which was established under the Kingdom's National Strategy for Data and AI (2020G).

Supporting agencies include the National Centre for Digital Certification (NCDC), which manages public key infrastructure, and the National Digital Transformation Unit (NDTU), which advances digital services for citizens, including platforms such as FekraTech for participatory digital solutions. All governing entities are mandated to develop, oversee and monitor the implementation of different laws and regulations.

The Kingdom has also launched several frameworks and public consultations pertaining to cloud computing, IoT and cybersecurity - including Saudi Arabia's Cloud First Policy, SAMA's Saudi Cloud Computing Regulatory Framework and the National Cybersecurity Authority's Cloud Cybersecurity Controls (CCC).

3.2 Information Technology Services Industry Overview

3.2.1 Market Overview

3.2.1.1 The Kingdom's digital economy has accelerated in the past five years via its Saudi Vision 2030 digital transformation strategy

The ICT sector's advancement over the past five years is closely tied to the Kingdom's digital transformation strategy, which is a key enabler within Vision 2030's strategic pillars. The digital transformation strategy is aimed at enabling and accelerating the transformation efficiently and effectively.

In recent years, the Government has implemented several initiatives to promote the development of the ICT sector and enhance its contribution to the economy. The ICT investment spans key areas such as e-commerce, digital education, digital health, smart cities, national data and e-government services. The Kingdom has pledged more than SAR 1.9 billion in investments in digital-orientated projects, including Industry 4.0, aimed at fast-tracking the digital-first industrialisation of the Kingdom's mining, logistics, manufacturing and military sectors. The roll-out of electronic engagement platforms for the government (e-government), digital health and education, smart cities and e-commerce have led to increased use of communication, software and IT services (including IT managed services and IT consulting services) in the Kingdom by commercial and private users. The ongoing infrastructure development linked to Vision 2030's giga-projects (for example via NEOM, Qiddiya, Red Sea and ROSHN), are designed to integrate advanced technologies, while smart city initiatives in Makkah, Riyadh, Jeddah, Al-Madinah and Al Ahsa reflect the Kingdom's commitment to leveraging AI and digital transformation for sustainable urban development.

Over 2019G-2023G, the Ministry of Communication and Information Technology invested an estimated SAR 120 billion, with SAR 41.9 billion spent in 2023G, representing 20 per cent. growth over 2022G, and a further SAR 40 billion spent in 2024G.

The Kingdom's digital transformation efforts, focused on two key areas, namely e-government transformation and improving connectivity in urban areas. The transition to electronic transactions by government agencies showcases a commitment to efficiency and modernisation. The integration of digital infrastructure and emerging technologies fostered a convergence in communications and IT services, which propelled a surge in data and voice traffic over the past five years. Data centres have played a pivotal role in this convergence, serving as the backbone of communication and IT services.

Over the past three years, global technology giants, including Amazon, Apple, Google and Microsoft, have made large investments in innovation academies and cloud service centres tailored to the region underscoring their commitment to the Kingdom's digital transformation.

3.2.1.2 IT services are important services offered as part of the growing digital transformation in the Kingdom

In the Kingdom, the ICT value chain plays a pivotal role in driving innovation, economic growth and digital transformation across various sectors. The ICT value chain encompasses a range of IT-related activities, which include hardware manufacturing, software development, IT services (IT managed services, IT consulting services, technical support and software development services) and digital infrastructure deployment.

The following table shows the Kingdom's IT services market value from 2021G to 2029G:

Table (3.5): The Kingdom's Market Size of IT Services from 2021G to 2029G

Category	Unit	2021G ⁽¹⁾	2022G	2023G	2024G	2025G	2029G	CAGR 2021G- 2024G	CAGR 2025G- 2029G
Total IT Services	SAR million	27,078	29,278	31,660	34,239	37,886	56,924	8.1%	10.7%
IT Managed Services	SAR million	2,765	2,959	3,166	3,387	3,658	4,977	7.0%	8.0%
IT Consulting Services	SAR million	481	503	525	549	582	735	4.5%	6.0%

Source: Euromonitor International and Euromonitor estimates from desk research and trade interviews with leading industry players in Saudi Arabia.

(1) Data for the historic 2021G to 2024G period at current prices, and for the forecast 2025G to 2029G period at constant (2024G) prices, at fixed exchange rates

The Kingdom's IT services sector spend is experiencing strong growth, driven by the nation's ambitious digital transformation initiatives under Saudi Vision 2030. According to Euromontior International, the market size of IT services in the Kingdom reached SAR 34.2 billion in 2024G, from SAR 27.1 billion in 2021G, reflecting a CAGR of 8.1 per cent. The Kingdom's strategic focus on digitisation has resulted in an increasing demand for IT services, including IT managed services, IT consulting services, software support and customer service solutions. IT services demand has primarily been driven by digital technology advancements, telecoms expanding non-traditional services, e-governance demand, rising cyber threats, use of AI solutions, smart city projects, enterprise solutions in the commercial sector and the adoption of cloud services computing.

The Kingdom's IT services market includes a wide range of services used by various types of corporates and organisations to create, manage and transfer information which includes providing support and assistance across various other business functions. The main objective of IT services is to ensure that related IT infrastructure, architecture, enterprise applications, data management, software and systems are implemented, operate at optimised levels to support business objectives, processes and requirements. The specific range of IT services offered may vary depending on the provider or client requirements.

Typically IT services contain the following key areas;

- Technical support - Assisting users with software, hardware and network-related issues, often via help desks or remote access.
- Network management - Ensuring the security, maintenance, integration and performance of business networks, including Wi-Fi and data connections and rendering of emerging digital technologies.
- Cybersecurity services - Protecting IT systems from cyber threats such as malware, phishing and hacking attempts.
- Cloud services and backup - Managing cloud computing solutions, data storage and backup strategies to prevent data loss.
- Software and hardware maintenance - Installing, updating and troubleshooting hardware and software (platforms and applications) to ensure efficient operation.
- IT managed services - Ongoing monitoring, management and proactive support of IT infrastructure, including emerging digital technologies services (eg AI and IoT technologies) - often provided by outsourced third-party vendors.
- IT consulting services (including advisory) - Advising businesses on technology solutions, system upgrades and IT strategy to improve efficiency and security.

The related IT function can be managed in-house by companies in parts or is outsourced and managed by contracted third-party providers (eg IT managed services). Overall, during the past three years the outsourcing of IT managed services and related functions has been increasing. This takes the burden away from companies, as technology is advancing at a rapid rate and also the required skills or expertise might not be available in-house. Third-party IT services providers (inclusive of IT managed services and IT consulting services) play a vital role in supporting companies' IT functions, which allows companies to reduce headcount, costs and can focus on other strategic operational goals.

The IT services demand market can be split between the public sector (government) and the private sector.

- The Government public sector includes related government services. These can be large-scale, end-to-end IT and system integration projects shaping its demand. IT services contract spending values can vary depending on the type of project and related IT services required. The government's infrastructure development of its giga-projects has created a large demand for IT-related services, and forms the bulk of the IT services (inclusive of IT managed and IT consulting services) forecast demand over the next five years to 2029G. These large-scale projects have long contract durations, with high contract spending values that are offered to contracted IT managed services companies (for example local and international private sector partnership third parties) via a bidding tender process. Smaller-valued IT service contracts are also offered to small-medium enterprises that meet the strict contract standards and operational criteria requirements. The government's expenditure on IT services remains driven by major public sector programmes, particularly Saudi Vision 2030, with a focus on cybersecurity, cloud services, infrastructure and enterprise applications. Meanwhile, IT investments in giga-projects have concentrated on networking, infrastructure and enterprise applications.
- The private sector includes small, medium and large companies spanning multiple economic sectors that require various IT-related and business services.

The Government is actively driving the growth of the IT services sector (including IT managed and IT consulting services) through the rapid implementation of e-governance. A key element of the Kingdom's initiatives is the regulation of government purchasing or procuring of government IT services contracts. Government tender bids for IT services projects must follow established procurement laws for contracting, IT consultancy and non-consultancy services. The Government promotes the Etimad Portal, an electronic procurement system, streamlining IT-related procurement emphasising AI, machine learning, big data and software modernisation. In addition, the Invest Saudi platform facilitates global business expansion into the Kingdom through IT projects. This aligns with Vision 2030, implementing business reforms to attract investment and support the Kingdom's goals.

Selected key economic sectors driving demand for IT managed services and IT consulting services spending include:

- Banking, insurance, financial services demand is fuelled by the growing need for enterprise connectivity, IT services (eg IT managed services and IT consulting services), mobile point-of-sale solutions and IoT applications.
- The media and telecommunications industry remains highly reliant on IT integration services for networks, systems and infrastructure development.
- The manufacturing sector is expanding due to the increasing use of industrial IoT applications, cloud-based solutions and managed IT networks.

- Similarly, the transportation and logistics industry is witnessing a surge in demand for IoT-powered applications using AI smart technologies (eg smart city parking meters).
- The retail sector is also evolving, with the rise of e-commerce and digital transformation driving higher demand for cloud services, cybersecurity and application solutions.
- The healthcare sector is undergoing significant digitalisation, with advancements in remote care and unified electronic medical record systems playing a key role in shaping its IT infrastructure needs. The use of emerging digital technologies such as AI and IoT are high in demand.

Local IT service companies offer a wide array of IT managed and IT consulting services that can be customised to local SMEs' requirements. Local companies' advantages include adapting to local market needs, meet Saudisation labour requirements, benefit from the Kingdom's localisation strategies and understand local business regulations. However, local companies are missing the required skills and expertise in performing functions across new emerging digital technologies (eg AI, IoT, cybersecurity and cloud services). Due to the skills and knowledge gap facing local firms in this area, the majority of demand is currently met by international firms, resulting in a strong reliance on imported services. During the past two years, multiple partnership collaborations between international companies and local IT services companies has occurred in the ICT and IT managed services sector. For example, international companies, such as Oracle, IBM and Microsoft, all have a strong presence in the Kingdom. Local companies benefit from global companies' experience in technology and can offer expanded IT managed services across new digital technology areas. The need for international companies is required to meet the strict local cloud service, cybersecurity, IoT and AI technology compliance, operational standard requirements and meet regulation guidelines.

Selective challenges present in the IT services (inclusive of IT managed services and IT consulting services) sector include:

- Lack of sufficient knowledge and IT skilled local labour available in the Kingdom to meet the growing demand. In order to close the local knowledge gap, collaboration and partnering with international IT firms, which have emerging digital technology services experience and in executing larger projects, is required. For example, there is a shortage of data analysis and big data analysis services, as the demand continues to rise for such services in the Kingdom.
- The Government continues to adapt the regulation, which is proactive and evolving, and sets the necessary compliance, standards and operation requirements. For example, strict regulations in performing cybersecurity and cloud computing requirements have been set for IT managed services providers to comply with. Companies need to be adaptable to change and be able to adapt to a constant changing environment accordingly.
- Satisfying local Saudisation (Nitaqat) labour regulation requirements can be a challenge for international companies to meet and adhere to.

According to Euromonitor International, the Kingdom's forecast demand for IT services (including both IT managed and IT consulting services) is positive, growing at a 8.1 per cent. CAGR over 2025G-2029G, reaching a value of SAR 56.9 billion. The Government is actively promoting the localisation of IT services, encouraging global players to establish regional headquarters within the country, aiming to enhance customer support and foster the development of IT managed services tailored to local needs. As a result, both the public and private sectors are investing in initiatives to develop local IT and software talent. Saudi Arabia's strategic location and its position as the largest technology market in the Middle East and North Africa region make it an optimal hub for IT services, while its advanced mobile infrastructure, including the fourth-largest 5G deployment globally, further supports the growth and scalability of IT services.

3.2.2 Information Technology Services Competitive Landscape

3.2.2.1 The Kingdom's IT services market is rather fragmented with many companies offering diverse IT services in 2024G

The IT services market in the Kingdom is highly fragmented in nature in 2024G. The market consists of many small, medium to larger IT services companies offering a diverse range of communication solutions and IT services, operating various business models, meeting a diverse range of needs and requirements across economic sectors. Companies can specialise solely in communication solutions and others exclusively in IT services, while others offer a combination of both services - for example Solutions by STC, Saudi Business Machines, Al Moammar Information Systems and Detasad. These larger IT services providers are preferred contracted project manager partners with other leading operating companies in the IT services eco-system, for example STC, Zain and vendors (Huawei, Samsung and Cisco). The market consists of local and international IT services companies. IT services companies provide IT services to the government (public) and private sectors. The Government sector is the larger market, which is driving demand growth of IT services - supported by the Saudi Vision 2030 strategic activities. Due to the fast-changing environment in digital technologies, skills and knowledge gaps can occur among local IT services providers, thus strategic partnerships are common between local players and international players within the overall ICT eco-system. International players have experience in emerging technologies services and working on larger-sized projects.

Leading top local and international IT services providers in the Kingdom have diverse service offerings, long-standing well-established histories, industry-wide partnerships in place and provide various types of IT services targeting the public and private sectors. The outlook for existing IT services providers is positive, driven by expanding opportunities within IT services solutions. The distinction between communication solutions and IT services is blurring due to advancements in technology to improve operational efficiency across economic sectors. Use cases such as IoT, cybersecurity, the launch of data centres (eg cloud services) and the expanding adoption of AI technologies and machine learning continue to expand the scope of IT services providers.

The following table shows the selective leading competitors in the Kingdom's IT services industry in 2024G:

Table (3.6): Selective Leading Competitors in the IT Services Industry in the Kingdom in 2024G

Company	Company description
Solutions by STC 	Leading IT services provider, playing a pivotal role in enabling digital transformation for both public and private sector organisations in the Kingdom. The company's core activities include system integration, connectivity services, business outsourcing, managed services, cloud solutions, IoT digital services and cybersecurity integration. The company utilises its diverse business lines and extensive portfolio of products and services to deliver comprehensive IT solutions catering to a wide range of customer requirements. Its ability to integrate offerings across different segments allows it to function as a single provider for various technology needs by offering everything from connectivity and system integration to managed and application services.
Emdad Solutions 	Emdad Solutions is a key ICT player in Saudi Arabia. The company's comprehensive suite of services includes managed IT solutions that provide proactive and remote support, infrastructure maintenance, security monitoring, and cloud and virtualisation management. Its managed services also extend to database administration, backup and restoration, disaster recovery, high-availability solutions and performance optimisation. To maintain its competitive position, Emdad Solutions has established strategic partnerships with several global technology providers, such as Huawei Technologies Ltd, Cisco, Hikvision, Dell, 3M and Oracle, enabling the company to integrate the latest innovations into its service offerings.
Perfect Presentation For Commercial Services (2P) 	2P is a Saudi listed company that has emerged as a prominent provider of ICT services and technology solutions in the Kingdom. The company offers a comprehensive suite of IT services, including cybersecurity, IT managed services, network infrastructure and software development, operations and maintenance, and customer experience solutions. This integrated business model enables 2P to deliver end-to-end digital transformation services, guiding clients from initial development stages through to backend infrastructure management. In the realm of cybersecurity, 2P provides customised solutions designed to address the unique challenges and objectives of its clients. The company has formed partnerships with global technology leaders, including Microsoft, IBM, Honeywell, Lenovo, Oracle and Cisco.
AI Moammar Information Systems (MIS) 	MIS is one of Saudi Arabia's largest and established IT services providers, with a history spanning over four decades. Founded in 1979G, the company has played a pivotal role in the Kingdom's digital transformation. MIS became the first publicly listed IT company in Saudi Arabia, reinforcing its market position as a leading player in advanced technology solutions for both the public and private sectors. MIS operates across a broad spectrum of IT services, focusing on business solutions, business services management, operations and maintenance, and cybersecurity. The company's services offerings include IT managed services, project management, consulting, software development, cloud computing and IT infrastructure solutions. MIS's expertise extends across various industries, including transport and logistics, entertainment, manufacturing and retail, government, energy and utilities, healthcare, education and smart cities.
Saudi Azm Company 	Saudi Azm operates as a technology solutions provider specialising in digital transformation, executive consulting and the development of innovative platforms across various sectors. The company focuses on delivering solutions with qualitative impact, particularly in information technology, system integration, fintech and strategic consulting. The company's core business areas include IT services, the development and operation of platforms, executive consulting, data-driven operations and strategic partnerships with the public sector. Saudi Azm provides managed services, system integration and operational support to large government and private entities. Additionally, it offers procurement, human resources and management consulting, which includes strategic and operational model advisory services.

Source: Euromonitor International from desk research and trade interviews with leading industry players in Saudi Arabia

The Company, Dar Al Balad Business Solutions Company, is a leading medium-sized IT services with its well-established 25-year history, and has firmly gained traction in the IT services sector in the Kingdom. The Company's core services include managed IT services, IT consulting services, business managed services and is growing its IoT Smart solutions capability offering. The Company key advantages include its good reputation for delivering high-quality, responsive and flexible IT services catering to a variety of verticals which include oil and gas, energy/utility, agricultural, medical insurance, healthcare, telecommunications, financial services companies, automotive industry, and government and public sectors. The Company has strong credentials in being a preferred IT services provider for the public sector. It has been instrumental in executing large-scale government and semi-government projects. The Company started investing and expanding its service capability to include IoT smart solutions services. This includes selling, installing and providing maintenance and support for IoT networks based on LaRaWan/LPWAN technology and connectivity solutions for Smart City and Smart Plant for the industrials sector. In the Kingdom, the company is the sole distributor for MultiTech Systems Incorporation, a US-based company supplying and installing IoT equipment and telecom equipment such as gateways, modems, routers and sensors. It's future strategy involves increasing its IoT services capability across various sector end user applications. The company plans to invest in new emerging digital technologies like AI technology and cybersecurity solutions to drive revenue growth and enhance its penetration.

3.3 Business Managed Services Overview

Among Saudi IT services companies, such as Dar Al Balad Business Solutions Company, many also offer non-IT-related business managed services as part of their product service portfolios to diversify their revenue. These business-to-business related services include for example managing a company's site management, human resources, logistics or other operational functions. Companies outsource and contract third parties to oversee and manage these related functions, thereby sharing the risk, and reducing head count and costs. These business managed services can be tailored to specific client requirements, meeting diverse needs across various economic sectors such as manufacturing, banking, insurance and financial services, technology, construction and healthcare, transport logistics and tourism sectors to mention a few.

The following table shows the Kingdom's business managed services market value from 2021G to 2029G:

Table (3.7): The Kingdom's Market Size of Business Managed Services from 2021G to 2029G

Category	Unit	2021G ⁽¹⁾	2022G	2023G	2024G	2025G	2029G	CAGR 2021G- 2024G	CAGR 2025G- 2029G
Total Business Managed Services	SAR million	5,120	7,850	8,321	8,820	9,349	11,803	19.9%	6.0%

Source: Euromonitor International and Euromonitor estimates from desk research and trade interviews with leading industry players in Saudi Arabia.

(1) Data for the historic 2021G to 2024G period at current prices, and for the forecast 2025G to 2029G period at constant 2024G prices, at fixed exchange rates

Due to the Government's focus on diversifying and increasing investment of non-oil-related sector activities (eg tourism, industrial, healthcare, construction, transport and logistics, and manufacturing), the ongoing infrastructure development linked to Vision 2030, localisation, Saudisation strategies and supporting growth of local SMEs, have increased labour requirements - creating a demand for managed business services across multiple industries over the past five years. According to Euromonitor International, the forecast demand for business managed services is expected to continue to grow to 2029G, supported by ongoing government infrastructure development linked to Vision 2030 mega-projects and the increased investment in non-oil revenue-related sectors by Saudi Arabia's government.

3.4 Internet of Things (IoT) Smart Solutions Overview

3.4.1 IoT technology advancement in the Kingdom has been rapid over the past three years with multiple applications across numerous sectors and is set to continue growing strongly

The IoT smart solutions sector in the Kingdom has been expanding rapidly at a CAGR of 8 per cent. between 2021G and 2024G, valued at SAR 6.9 billion in 2024G, driven by the Saudi Vision 2030 initiative, regulatory advancements and increasing public and private sector investments according to Euromonitor International.

The following table shows the Kingdom's IoT smart solutions market value from 2021G to 2029G:

Table (3.8): The Kingdom's Market Size of IoT Smart Solutions from 2021G to 2029G

Category	Unit	2021G ⁽¹⁾	2022G	2023G	2024G	2025G	2029G	CAGR 2021G- 2024G	CAGR 2025G- 2029G
IoT Smart Solutions	SAR million	5,504	5,944	6,420	6,933	7,765	12,219	8.0%	12.0%.

Source: Euromonitor International and Euromonitor estimates from desk research and trade interviews with leading industry players in Saudi Arabia.

(1) Data for the historic 2021G to 2024G period at current prices, and for the forecast 2025G to 2029G period at constant 2024G prices, at fixed exchange rates

In its early stages, before 2016G, IoT adoption was primarily focused on industrial automation, oil and gas, and smart metering, however, since the launch of Vision 2030, the Kingdom placed digital transformation at the forefront of its economic diversification efforts, positioning IoT as a key enabler of smart cities and advanced industries. The introduction of the National Industrial Development and Logistics Programme (NIDLP) and the Smart Cities Programme has further accelerated IoT deployment, facilitating its integration across various sectors.

One of the most ambitious IoT applications projects is within the Kingdom's smart city initiatives; valued at the SAR 1.9 billion, is part of the NEOM giga-project - the cornerstone of the Kingdom's smart city vision - developed as a fully integrated tech hub, leveraging IoT for urban automation, smart energy management and AI-powered governance. A defining element of NEOM's smart city infrastructure is The Line, a 170-kilometre linear city within NEOM, which is designed to operate with autonomous transportation with zero emissions, and will be supported by IoT-enabled smart grids, advanced energy management systems and AI-driven urban planning. IoT technology will play a critical role in monitoring and optimising essential city functions, such as climate control, air quality management and water conservation. Beyond NEOM, IoT-driven urban modernisation is reshaping existing Saudi cities, particularly Riyadh, through projects such as Green Riyadh. As part of Vision 2030, this initiative aims to plant 7.5 million trees by 2030G, utilising IoT systems to manage irrigation, monitor air quality and reduce pollution. Riyadh's smart city initiatives also include AI-powered surveillance, IoT-driven waste management systems and intelligent traffic control solutions to optimise urban infrastructure.

Other selective key sectors employing IoT applications according to the Kingdom's Digital Government Authority include the following:

- The education sector has increased investment spending in IoT technologies. IoT has played a crucial role in advancing smart learning environments, particularly in the wake of the COVID-19 pandemic, which accelerated the adoption of IoT-based remote learning solutions. Universities and schools have adopted connected devices for virtual classrooms, attendance tracking and real-time student performance monitoring.
- The tourism sector, another vital sector focus of Vision 2030's strategic goals, is experiencing significant IoT integration advancements including smart tourism destinations such as Trojena, a key project within the NEOM megacity, which is leveraging AI and IoT to deliver tailored visitor experiences by utilising real-time data analytics, intelligent navigation systems and automated customer support.
- The healthcare sector is a key beneficiary of IoT investments in the Kingdom, undergoing a transformative shift with the increasing adoption of IoT-enabled solutions aimed at enhancing patient care, optimising hospital operations and streamlining resource management. As part of the government's broader push towards digital health, SAR 6 billion has been allocated for IoT-driven healthcare solutions, with initiatives focused on remote patient monitoring, AI-powered diagnostics and smart hospital management.
- The oil and gas sector, a cornerstone of the Kingdom's economy, has also embraced IoT technologies to improve safety, efficiency and automation, with Saudi Aramco deploying IoT infrastructure to monitor critical equipment, predict maintenance needs and optimise operations while enabling real-time monitoring of pipelines, drilling equipment and refineries, minimising operational risks and reducing costly downtime.
- The broader industrial and manufacturing sectors in the Kingdom is witnessing a surge in IoT-driven innovation as well. The Kingdom's digital transformation initiatives are focused on promoting Industry 4.0, enabling the expansion of IT services, enhancing digital infrastructure and fuelling the exploration of emerging technologies, all of which are driving IoT demand in the Kingdom. The manufacturing industry, in particular, has increasingly integrated IoT sensors into smart factories to optimise energy management and production processes, as well as in video surveillance, fleet management, staff identification and freight forwarding. To further advance industrial modernisation, the Ministry of Industry and Mineral Resources has made IoT integration a requirement for new manufacturing initiatives, positioning industrial IoT as a key driver of Vision 2030's industrial expansion plans.

Challenges in the IoT smart solutions sector include:

- High implementation costs due to the high level of upfront capital investment in IoT-related technology and infrastructure development. Private SME-type companies and enterprises might struggle for funding.
- Strict regulatory environment with specific regulation still evolving and must be adaptive to a changing environment from a compliance and standards of operations perspective.
- Standardisation in the sector can be varied, which can impact interoperability across platforms, applications and sectors.

The IoT smart solutions sector in the Kingdom is witnessing significant advancements, driven by increasing strategic corporate partnerships. In 2024G, for example, Qualcomm Technologies and Aramco Digital introduced Aramco's first generative AI-powered industrial IoT solutions aimed at enhancing safety, efficiency and sustainability across its sites.

Amidst large-scale investments and technological advancements, regulatory compliance remains a cornerstone of the Kingdom's IoT expansion. The Communications and Information Technology Commission (CITC) mandates that all IoT devices meet technical specifications, obtain necessary certifications and ensure seamless interoperability. Additionally, regulations dictate that all IoT infrastructure and data be hosted within the Kingdom, with service providers implementing stringent security measures and submitting regular reports to maintain oversight.

With these regulatory safeguards in place, alongside continued progress in connectivity, AI integration and industrial IoT adoption, the Kingdom's IoT smart solutions market, according to Euromonitor International, is poised to reach SAR 12.2 billion in 2029G, reflecting a 12 per cent. CAGR over 2025-2029G, solidifying the Kingdom's position as a regional leader in digital transformation and in smart technology deployment.

3.5 Industrial Reclamation Services Industry

3.5.1 The Kingdom utilises AI and IoT across the petrochemical, chemical, oil and gas manufacturing, and reclamation industries to achieve sustainability goals

The Kingdom's economy is intricately tied to the petrochemical, oil and gas industry, with the sector contributing significantly to the nation's GDP, at approximately 40 per cent., in 2023G and government revenue comprising nearly 87 per cent. of total exports in 2024G. The Kingdom remains a key player in the world's energy supply chain. Despite this, the Government is taking proactive steps to diversify its economy through the implementation of Vision 2030, seeking to balance its oil-based economy with a commitment to sustainability and environmental responsibility through a comprehensive framework aimed at reducing the country's dependency on oil, promoting renewable energy and advancing environmental sustainability. As part of its Saudi Vision 2030 goals, is investing in diversifying the Kingdom's energy mix, including a significant focus on renewable energy sources with plans to generate 50 per cent. of the Kingdom's energy from renewable sources by 2030G, primarily through solar and wind power. Additionally, the country is spearheading initiatives to reduce carbon emissions, such as the Circular Carbon Economy (CCE), which promotes the reduction, recycling and removal of carbon from industrial processes. This reorientation of the economy sets the stage for transformation within the oil and gas, petrochemical and oil reclamation sectors, with sustainable practices increasingly integrated into operations.

Several trends are driving the shift in the Kingdom's petrochemical industry towards more sustainable practices, including the adoption of cleaner technologies such as carbon capture and storage, enhanced oil recovery techniques and oil reclamation. These technologies reduce energy consumption, minimise waste and lower emissions, supporting the Kingdom's long-term sustainability goals. Additionally, the Kingdom's oil industry is embracing digital transformation, with investments in artificial intelligence, automation and the IoT to optimise operations and reduce environmental footprints. These innovations are particularly relevant to Saudi Aramco, which has implemented advanced oil recovery methods such as CO₂ injection, thus enhancing output while minimising exploration needs.

Under the Saudi Green Initiative, the Kingdom has committed to reducing carbon emissions by 60 per cent. by 2030G and diverting 85 per cent. of industrial waste from landfills by 2035G. The Kingdom's commitment to minimising environmental harm is further reflected in its regulatory framework, with the Saudi Standards, Metrology, and Quality Organization introducing new standards regarding the energy efficiency and environmental impact of industrial activities. These regulations encourage industries to implement innovative and sustainable practices, including the use of efficient heat exchangers in oil refineries and gas processing plants. As the demand for sustainable solutions rises, industries and manufacturing in Saudi Arabia are increasingly focused on optimising resources and reducing waste.

The Kingdom's industrial reclamation services industry remains small and very niche. However the industrial reclamation services industry has emerged as a critical enabler of the Kingdom's sustainability goals, playing a vital role in ensuring the sustainable reuse of chemical materials across oil and gas, petrochemical, agrochemicals and industrial sectors. As industries seek to optimise their operational efficiency, operational maintenance while adhering to environmental and regulatory standards, the demand for advanced industrial reclamation services continues to grow. Industrial reclamation solution practices, include onsite or offsite reclamation services, amine reclamation, custom toll processing, used oil re-refining and enhanced oil and recovery, play a pivotal role in using resources effectively, minimising waste and reducing costs.

One of the key reclamation projects in the Kingdom is Saudi Aramco implementing a MonoEthylene Glycol regeneration and reclamation facility, enabling the recovery and reuse of valuable chemicals in gas processing operations. By leveraging such innovative practices, the Kingdom is taking significant steps to align its oil and gas and manufacturing industries with global environmental standards. Moreover, to support these initiatives and industry growth, the Government has introduced several enablers, including affordable land leases and low-cost financing for industrial ventures through the Saudi Industrial Development Fund to foster growth in waste management and energy efficiency projects.

The industrial reclamation services industry challenges include the following:

- Economic diversification and energy use reduction: Reduction of oil use across major sectors due to non-oil diversification goals of Vision 2030 and investments in non-oil sectors may reduce demand for oil reclamation services.
- Use of more advanced techniques: The use of more enhanced oil recovery techniques requires a higher investment in use of more advanced technologies to improve processes and operate more efficiently.
- One of the key industry requirements for reclamation services is achieving ultra-high purity recovery rate levels (0 per cent. state) in recovered materials with minimal contamination levels. Conventional reclamation methods often struggle to meet the high purity levels required by industries such as petrochemicals and refining, where even minor impurities can impact production processes and product quality.
- Stricter regulations: Environmental regulations, waste management and sustainability goals are becoming stricter and require companies to adopt cleaner and more efficient technologies to minimise CO2 emissions and other pollutants.
- Highly technical industry: The reclamation industry is highly technical and has high barriers to entry as reclamation companies have to build up their experience in reclamation techniques, need a proven track record and long-standing client partnerships to be successful.
- Global oil demand: Fluctuations in global and Saudi Arabia oil manufacturing demand activities can negatively impact reclamation operational activities and strategies due to swings in oil production demand dynamics for oil reclamation services.

The reclamation services industry's forecast demand drivers of growth include the government's alignment with the SDGs, coupled with Vision 2030 through the various strategic initiatives and investments in the reclamation sector, ensuring that the Kingdom's petrochemical industry and specialised chemical manufacturing capabilities will continue to thrive while supporting an environmentally responsible future. Furthermore, as the Government continues to invest in renewable energy, CCUS and circular economy practices, its oil and gas industry will remain a central pillar of its economy, increasingly contributing to its efforts for sustainable development. The Government will continue to promote waste management and implement its environmental renewable energy regulations and initiatives that will support the growth in demand for oil reclamation services.

Within the Kingdom, there are a select few local players and international players operating via represented agents in the Gulf region, offering various onsite and offsite reclamation, amine reclamation services and specialty chemical solutions to the petrochemical, oil and gas, and specialised chemical manufacturing industries.

Key select companies operating include for example Saudi-based Global Specialty Chemicals Company, a subsidiary of Dar Al Balad Business Solutions Company in Saudi Arabia, and Amines and Plasticizers Limited (headquartered in India) and Italy-based World Image Amines Global Services.

Local industrial reclamation services provider, Global Specialty Chemicals Company, based in Dammam, - stands out among the companies addressing the wider industry needs and has emerged as the Kingdom's leading player by providing comprehensive industrial reclamation services tailored to the Saudi market. Global Specialty Chemicals has a long well established history in the market with expertise in the field. Global Specialty Chemicals' industrial reclamation services makes use of leading advanced reclamation technologies, such as ion exchange resin technology and short-path distillation. The company's ability to offer rapid deployment across the GCC region, with operational units stationed within the Kingdom, gives it a significant logistical edge. The company is able to move to market quickly with customised services meeting its clients specific requirements. Its reclamation technologies, is licensed from global partners in the United States, along with its in-house developed technologies, is able to pioneer local industry standards by offering unmatched original zero state recovery purity levels and operational efficiencies. The company's long standing partnerships with leading oil and gas and petrochemical players like Saudi Aramco, Saudi Basic Industries Corporation (SABIC) and Qatar Fertilizers Company highlight the trust and demand for its services in the GCC regional market.

Global Specialty Chemical's core industrial solutions capabilities include the following:

- Industrial reclamation services includes;
 - Online reclamation services (on-site processing at customer locations),
 - Offline reclamation services (temporary unit installation at customer sites) and
 - Off-site reclamation services (materials are sent to the company's facility for processing).
 - The company also offers heat transfer fluid services and technical support.
- Industrial Maintenance Services: These services includes inspection, supply and supervision of specialised industrial products such as flares, thermal oxidizer and specialised cables and their spare parts.
- Industrial Supplies: This involves marketing and selling specialty chemicals, including various grades of heat transfer fluids, sodium bisulfite, and other industrial chemical solutions across the Kingdom and internationally.

Global Specialty Chemicals' industrial solution offering is well positioned and aligned with the Vision 2030 strategies to reduce waste, increase recycling and reduce energy in the oil and gas, petrochemical and manufacturing sectors to reduce negative impacts on the environment.

Another international player in the GCC region and the Kingdom includes, Amines & Plasticizers Limited (APL), established in 1973G, headquartered in Mumbai, India, with manufacturing facilities in Navi Mumbai. APL is a leading manufacturer of organic chemicals, specialising in ethanolamines, alkyl alkanolamines, morpholine derivatives, gas treating solvents, and a diverse range of specialty chemicals, catering to industries such as oil & gas, petrochemicals, pharmaceuticals, agrochemicals, textiles, and cosmetics (Amines and Plasticizers Company.(2025G). Company information). The company has a strong global presence, exporting to over 50 countries, including the United States, Canada, Germany, South Korea, Japan, Australia, and the Middle East.

Another key international player includes World Image Amine Global Services, is a specialised contractor providing services for amine units used in gas and liquid hydrocarbon sweetening. The company operates across various industries, including oil refineries, gas plants, petrochemical gasification units, power stations, flue gas treatment, CO2 capture, and biogas processing. Its reclamation services cater to a wide range of amine solvents and formulated solvents, offering both fixed and mobile unit solutions. The company provides mobile reclamation services across Europe, North Africa, and the Middle East through its UAE-based agent Petromar Energy Services, with units strategically located in Italy and UAE (Amine Global Services. (2025G). About company). These mobile units employ electro dialysis technology, a process the company has been refining since 2004G. In cases where continuous acidic contamination and oxygen exposure degrade amine solvents, Amine Global Services also designs and installs high-performance fixed reclamation units tailored to plant capacities, ensuring cost-effective and uninterrupted operations.



دار البلد لحلول الأعمال
DAR ALBALAD FOR BUSINESS SOLUTIONS



THE COMPANY



4. THE COMPANY

4.1 Overview of the Company and its Business Activities

Dar AlBalad for Business Solutions Company is a Saudi joint-stock company established under Unified Commercial Register no. 7002303746 dated 17/05/1422H (corresponding to 07/08/2001G). As listed in the commercial register, the Head Office of the Company is located in building no. 7768 Wadi Al Artawi, Al Olaya District, P.O. Box 3168, Riyadh, 12212, Kingdom of Saudi Arabia. The current share capital of the Company is seventy million Saudi Riyals (SAR 70,000,000) divided into seventy million (70,000,000) Ordinary Shares with a fully paid-up nominal value of one Saudi Riyal (SAR 1) per share.

The Company was founded in 2001G, and has grown to become leading medium-sized IT services company with its well-established 25-year history, and has firmly gained traction in the IT services sector in the Kingdom. The Company's core services include managed IT services, IT consulting services and business managed services and is growing its IoT Smart Solutions capability offering. The Company's key advantages include its good reputation for delivering high-quality, responsive and flexible IT services catering to a variety of verticals which include finance, medical insurance, healthcare, telecommunications, stock exchange, and government and public sectors. The Company has strong credentials in being a preferred IT services provider for the public sector as it has been instrumental in executing large-scale government and semi-government projects. The Company started investing and expanding its service capability to include IoT Smart Solutions services. This includes selling, installing and providing maintenance and support for IoT networks based on LoRaWAN/LPWAN technology and Connectivity Solutions for Smart Cities and Smart Plants for the industrial sector. In the Kingdom, the Company is the sole distributor for MultiTech Systems Incorporation, a US-based company supplying and installing IoT equipment and telecom equipment such as gateways, Modems, routers and sensors. The Company's future strategy involves increasing its IoT services capability across various sector end user applications. The Company also plans to invest in new emerging digital technologies like AI Technology and Cybersecurity solutions to drive revenue growth and enhance its penetration.

In January 2025G, the Company acquired 100% of the share capital of GSC Solutions (GSC Solutions shall hereinafter be referred to as the "**Subsidiary**" and together with the Company as the "**Group**") from Dar AlBalad Commercial Company pursuant to an agreement dated 01/07/1446H (corresponding to 01/01/2025G), whereby the Company acquired all the shares of Dar AlBalad Commercial Company in GSC Solutions (formerly Global Specialty Chemicals Company), including all its rights and obligations. Prior to this acquisition, the Subsidiary was directly owned by Dar AlBalad Commercial Company, which is the parent company of both the Company and its Subsidiary. The acquisition was carried out at a book value of SAR 21,839,626 as of 31 December 2024G, without any change in ultimate control. The Company registered the same as additional share capital. All statutory and legal procedures related to the transfer of ownership and the updating of the commercial registrations were completed on 13/07/1446H (corresponding to 13/01/2025G). The Subsidiary is a leading provider of industrial solutions services including oil and amines reclamation services; the supply of specialty chemicals; and the inspection, supply and supervision of specialized industrial products. The Subsidiary has a long well established history in the Saudi market with expertise in the field. Its long standing partnerships with leading oil and gas and petrochemical players like Saudi Aramco, Saudi Basic Industries Corporation (SABIC), Qatar Fertilizers Company (QAFICO) and Qatar Energy highlight the trust and demand for its services in the GCC regional market. The Subsidiary's industrial solution offering is well positioned and aligned with the Vision 2030 strategies to reduce waste, increase recycling and reduce energy consumption in the oil and gas, petrochemical and manufacturing sectors to reduce negative impacts on the environment.

As a result of the acquisition of the Subsidiary, the Company has been able to diversify its operations in providing Business Solutions and industrial solutions, and to offer its solutions and services through three lines of business, as follows:

- **Business Solutions**, which are provided by the Company and encompass Information Technology Managed Services, IT Consulting Services and Business Managed Services.
- **Industrial Solutions**, which are provided through the Subsidiary and include Industrial Reclamation Services and Industrial Maintenance Services.
- **Specialized Solutions**, which include IoT Smart Solutions and Industrial Supply.

The Group's Headquarters is located in Riyadh, and the Company operates supporting Branches in Jeddah and Bahrain, serving customers across the GCC and the broader MENA region. The Group also owns a 10,000 sqm industrial facility in Dammam, in addition to a supporting Branch in Qatar through the Subsidiary, reinforcing its industrial services and chemical solutions. The Group maintains business partnerships with other third parties in the Kingdom and the United States, and has alliances in the different markets around the world where it offers its products and services.

The Company generated total revenue of SAR 243.3 million in FY24, compared to SAR 195.4 million and SAR 157.8 million in FY23G and FY22G, respectively. The Company's net income for FY24G amounted to SAR 39.6 million, compared to SAR 32.5 million and SAR 23.3 million for FY23G and FY22G, respectively.

The Subsidiary generated total revenue in FY24G of SAR 30.7 million, compared to SAR 46.0 million and SAR 24.3 million in FY23G and FY22G, respectively. The Subsidiary generated total revenue of SAR 14.1 million for the Six-Month Period Ended 30 June 2025G, compared to SAR 11.7 million for the Six-Month Period Ended 30 June 2024G. Its net income for FY24G amounted to SAR 8.4 million, compared to SAR 14.1 million and SAR 3.0 million for FY23G and FY22G, respectively. The Subsidiary recorded net income of SAR 5.3 million for the Six-Month Period Ended 30 June 2025G, compared to SAR 5.7 million for the Six-Month Period Ended 30 June 2024G.

As set out in the Condensed Consolidated Interim Financial Statements for the Six-Month Period Ended 30 June 2025G, the Group achieved total revenue of SAR 155.8 million, compared to SAR 114.6 million for the Six-Month Period Ended 30 June 2024G. Net income amounted to SAR 24.8 million, compared to SAR 17.1 million for the same period, respectively.

As of 30 June 2025G, the Group had 873 employees.

4.2 Vision and Mission of the Company

4.2.1 Vision

To be recognized as the leader in Information Technology and industrial services by providing unparalleled solutions and services, and by building lasting relationships.

4.2.2 Mission

To deliver innovative, reliable, and secure IT and industrial services and solutions that empower businesses and industries to succeed in a rapidly changing digital landscape while contributing to a more connected and sustainable world.

4.3 Strengths and Competitive Advantages of the Group

The Group's main strengths and competitive advantages are the following:

4.3.1 Established Reputation, Experience, and Long-Term Customer Retention

The Group has built a strong reputation over twenty five years, particularly in highly regulated sectors such as banking and financial services, insurance, oil & gas, and government related entities. During this period, the Group has built a team with extensive experience and deep expertise, enhancing its ability to deliver innovative and effective solutions that meet diverse customer needs. The Group has successfully retained key customers for over two decades, reflecting the trust and confidence it has gained. This long term customer retention is driven by a customer-centric approach that prioritizes tailored solutions, responsiveness, and proactive engagement. The Group's ability to understand and meet unique customer needs ensures high renewal rates and consistent demand for its services, in addition to creating new customer opportunities by recommending existing customers when they move to new locations or acquiring new customers. Additionally, the Group's high-profile customer base enhances its employment brand, attracting top local and international talent, which further strengthens the Group's workforce and technical expertise.

4.3.2 Comprehensive and Integrated Solutions Provider

The Group provides a fully integrated suite of business, industrial and specialized solutions, eliminating the need for customers to engage multiple service providers. The Company offers IT Managed Services, IT Consulting, Business Managed Services and IoT Solutions, while the Subsidiary delivers Specialized Industrial Reclamation Services leveraging proprietary US-based technology as well as Industrial Maintenance Services. This breadth of services ensures operational efficiency, reduces complexity, and enhances value for customers. The Group's global delivery model, supported by remote execution teams outside the Kingdom, enables 24/7 service availability and seamless project execution. Advanced digital tools and platforms further enhance productivity, visibility, and collaboration between onsite and remote teams.

4.3.3 Cost-Effective Solutions and Access to High-Barrier Markets

The Group is keen to remain among the companies that provide the best value at the lowest possible costs by optimizing operational costs. The Company has secured long term contracts with financial institutions, insurance companies, and government related entities, ensuring predictable revenue streams and minimizing market competition risks. Meanwhile, the Subsidiary's access to controlled US-based technology provides a distinct advantage in the oil & gas sector, where entry barriers are exceptionally high. The Subsidiary's long-term customer relationships with the region's largest gas processors also enable smoother market entry into new geographies. Additionally, the Group benefits from strong financial solvency, enabling it to self-finance projects and sustain operations even during customer payment delays.

4.3.4 Proactive Support and Operational Resilience

The Group prioritizes proactive customer support and operational flexibility. The Company leverages continuous system monitoring and predictive analytics to identify and resolve potential issues before they impact customers, ensuring high service availability. Additionally, the Subsidiary, with its large industrial facility in Dammam, offers flexible offline reclamation services, minimizing downtime for industrial customers. The Group operates with a rapid decision-making framework, enabling swift contract negotiations and immediate responses to customer requirements during project execution. This agility enhances the Group's reliability as a trusted partner for mission-critical operations.

4.3.5 Exclusive Technology Partnerships and Innovation Leadership

The Company has established strategic alliances with global technology leaders such as MultiTech Systems Inc., a pioneer in IoT and LoRaWAN technology, granting it exclusive distribution rights in Saudi Arabia. Meanwhile, the Subsidiary owns exclusive licenses for US-based industrial reclamation technology. These strategic partnerships allow the Group to remain at the forefront of technological advancements, delivering next-generation Smart City solutions, industrial automation, and Digital Transformation initiatives.

4.3.6 Regulatory Leadership and Industry Certifications

The Group's adherence to international standards strengthens its competitive edge. The Company holds ISO certifications for Quality Management (ISO 9001), Environmental Management (ISO 14001), and Occupational Health & Safety (ISO 45001), and Manasah Tech certification, along its classification as a Grade A contractor, granting it access to government projects exceeding SAR 200 million. The Subsidiary's compliance with stringent regulatory requirements in the oil & gas sector ensures seamless operations in highly regulated environments. These certifications reinforce customer confidence, enhance credibility, and enable the Group to secure large-scale contracts.

4.3.7 Licenses and Strategic Advantages in Industrial Reclamation

The Subsidiary owns licenses for controlled US-based technology, that is available to only a limited number of companies worldwide, specializing in providing Industrial Reclamation Services required by the largest oil & gas companies in the region, which gives the Subsidiary with a unique advantage over competitors. As the Subsidiary works with the two largest gas processors in the region, this facilitates the access of its technologies in other countries and provide a competitive edge due to the challenges in penetrating the high-barrier oil & gas industry. The application of this technology requires a limited number of resources, offering the Subsidiary a cost advantage. Additionally, the Subsidiary can create new customer opportunities by recommending existing customers who are expanding to new locations or acquiring new customers in the same industry, thereby ensuring a continuous flow of business expansion.

4.3.8 Scalable Infrastructure and Expansion Readiness

The Subsidiary's 10,000 square-meter facility in Dammam 2nd Industrial City provides significant operational flexibility, allowing for scalable offline reclamation services. With 50% of the facility's space available for expansion, the Subsidiary is positioned to introduce new services and products, further broadening the Group's industrial capabilities. This infrastructure readiness strengthens the Group's ability to capitalize on future growth opportunities across multiple industries.

4.4 Group Strategies

The Group's principal strategies to grow its business comprise the following:

4.4.1 Enhancing the Company's Business – Impact of the Acquisition on the Subsidiary and Areas of Integration Between the Two Companies

The acquisition of GSC Solutions (formerly Global Specialty Chemicals Company) was completed in January 2025G as part of a clear strategic plan aimed at expanding the scope of the Issuer's services and strengthening its capabilities in delivering integrated technological and industrial solutions. This step came after years of accumulated expertise by the Issuer in the fields of information technology and operational services, supported by the advanced vision of the current Managing Director, derived from his industrial and technical background, which includes his contribution to Digital Transformation programs for SABIC manufacturing plants.

This expansion is based on a joint operating model between the Issuer and the Subsidiary, which consists of providing support and operational services to major entities in vital sectors. The Issuer delivers Business Solutions through IT and operational activities support and operations for such entities, while the Subsidiary delivers industrial solutions through the use of specialized chemical impurity filtration equipment, as well as other industrial maintenance solutions that include inspecting industrial units to identify faults, supplying necessary spare parts, and supervising their installation. Accordingly, the acquisition represents a natural extension of the Issuer's strategy without altering the essence of its business model.

This acquisition represents a significant step in enhancing the Issuer's ability to execute its expansion strategy, which includes diversifying its service offerings and entering the industrial sector, particularly by expanding in Internet of Things (IoT) and Artificial Intelligence (AI) solutions tailored for the industrial sector. This is aligned with national initiatives such as the "Future Factories Program" launched by the Ministry of Industry and Mineral Resources, which aims to enhance production efficiency in 4,000 factories by adopting advanced manufacturing technologies, automation, and Industry 4.0 in order to increase the competitiveness of the industrial sector, provide alternative solutions to reduce the sector's reliance on unskilled labor, and create quality jobs aligned with educational outputs.

There are also several areas of integration between the Issuer's business model and that of the Subsidiary, the most notable of which are:

- **Operational Integration:** Both companies conduct activities based on providing managed operational services to third parties; the Issuer focuses on delivering technological and operational solutions, including monitoring and control systems, the Internet of Things, and AI, while the Subsidiary provides advanced industrial operational services, including chemical impurity filtration and industrial maintenance. The Issuer's technical expertise and strategic relationships will contribute to enhancing the Subsidiary's efficiency in chemical impurity filtration and Industrial Maintenance Services through the application of AI, Internet of Things in automating processes and providing predictive maintenance solutions using AI. In addition, the use of shared services (such as legal, financial, and administrative services) between the Issuer and the Subsidiary will collectively enhance operational efficiency and reduce costs.
- **Development of Tailored Technological Solutions for the Industrial Sector:** Leveraging the Subsidiary's technical knowledge of the industrial sector's operational needs, the Issuer will be able to develop precise technological solutions tailored to meet the requirements of industrial customers, based on a practical understanding of the sector's operational challenges. This integration of knowledge is expected to enhance the Company's ability to deliver more customized and effective offerings, generating real added value for customers.
- **Enhancing the Competitiveness of Commercial Offerings:** The ability to deliver bundled services that combine technology, operations, and industrial supply provides the Issuer with a competitive advantage in major contracts, particularly with the growing customer preference to reduce the number of suppliers and rely on a single comprehensive provider.
- **Entering New Markets:** Supporting the Issuer's growth strategy by entering new markets and sectors inside or outside KSA, thereby contributing to expanding the scope of the Issuer's services as well as the customer base.

4.4.2 Mobile Marketplace Development

The Company is developing a cutting-edge digital platform that bridges the gap between buyers and sellers, facilitating seamless transactions of goods and services. By providing a user-friendly and accessible interface, consumers can effortlessly browse, compare, and purchase products from diverse vendors. Recognizing the growing importance of mobile e-commerce, the Company has launched an initiative to develop a robust mobile Marketplace application, tailored to support both Business-to-Business (B2B) and Business-to-Consumer (B2C) models. This initiative aligns with the strategic objective of driving long-term revenue growth and establishing a strong digital presence for the Company's portfolio to solidify its position as a leader in the digital marketplace.

4.4.3 Diversification into Cybersecurity and AI

In response to the increasing demand for advanced digital security and Artificial Intelligence (AI) solutions, the Company is diversifying its service portfolio to include cutting-edge cybersecurity and AI-driven technologies. This strategic expansion will enable the Company to meet the evolving needs of its customers in highly regulated sectors such as finance, healthcare, industrial, and government. By investing in these high-growth areas, the Company aims to remain at the forefront of digital security and AI innovation, positioning itself as a trusted partner in securing the digital future of its customers.

4.4.4 Geographic Expansion into Middle East Markets

The Group is expanding its footprint across the Middle East, building on its successful entries into Bahrain and Qatar. This regional expansion strategy will allow the Group to capitalize on the growing demand for industrial solutions and further strengthen its position in the broader Middle Eastern market. With increasing regional infrastructure development and the growing need for Smart City technologies, this expansion will enable the Group to tap into new markets and enhance its global reach.

4.4.5 Strengthening Innovation and Technology Partnerships

The Company is committed to enhancing its technology partnerships with leading global players in IoT, AI, and Cybersecurity. By fostering these strategic collaborations, the Company will continue to evolve its service offerings and maintain its competitive edge in the market. These partnerships will also ensure that the Company stays at the cutting edge of technological advancements, enabling it to deliver state-of-the-art solutions that meet the increasingly complex needs of its customers across multiple sectors.

4.4.6 Focus on Operational Excellence and Best Practices

The Company remains steadfast in its commitment to operational excellence and regulatory compliance, adhering to international best practices and governance standards. This focus is critical for maintaining its position as a trusted partner for government entities and top Tadawul-listed companies. By continuously improving operational processes, maintaining high governance standards, and staying ahead of regulatory requirements, the Company will reinforce investor confidence and ensure its long-term market leadership.

4.4.7 Expansion of the Subsidiary's Regional Reach

The Subsidiary strategically leverages its existing relationships with top gas processors in the region to expand its business opportunities across the Middle East and North Africa (MENA) region. By capitalizing on these established references, the Subsidiary aims to penetrate new markets and replicate its success in other parts of the MENA region. This strategy will strengthen the Subsidiary's competitive position and ensure continued growth in the Industrial Reclamation Services sector.

4.4.8 Capitalizing on the Subsidiary's Branded Customer Base to Acquire New Technologies

The Subsidiary is focused on expanding its service offerings by acquiring new technologies that complement its existing capabilities. By leveraging its strong relationships with leading gas processors and a well-established branded customer base, the Subsidiary is in an ideal position to partner with technology providers and integrate new innovations into its portfolio. This strategy will enhance the Subsidiary's value proposition and enable it to stay ahead of industry trends while meeting the evolving needs of its customers.

4.5 Key Developments of the Company since Establishment

The key milestones achieved by the Company and its business since its establishment are summarized as follows:

Table (4.1): Key Developments of the Company since Establishment:

Year	Event/Development
2001G	The Company was founded under the name of "Dar AlBalad for Information and Technology" as a branch of "Dar AlBalad Commercial Establishment".
2014G	The Company established a new Branch in Jeddah, expanding its presence in the Kingdom.
2019G	The Company achieved revenue exceeding SAR 100 million.
2020G	- The Company was converted to a limited liability company under the name "Dar AlBalad for Maintenance and Operation". - The Company obtained ISO 14001: 2015 Certificate, ISO 9001: 2015 Certificate and ISO 45001: 2018 Certificate.
2021G	The Company completed its first international project in Abu Dhabi, marking its expansion outside the Kingdom.
2022G	The Company was classified as grade B Contractor by MoMAH.

Year	Event/Development
2024G	- The Company opened a Branch in Bahrain, its first outside the Kingdom, to support the Company's project with the King Fahad Causeway Authority on the Bahraini side of the border. - The Company was classified as a grade A Contractor by MoMAH. - The Company changed its name to "Dar AlBalad for Business Solutions". - The Company achieved revenue exceeding SAR 200 million.
2025G	- The Company acquired 100% of the share capital of the Subsidiary, a provider of industrial solutions. - The Company completed its conversion from a Limited Liability Company to a Closed Joint Stock Company. - The Company launched an initiative to develop an innovative mobile marketplace application to enhance its digital presence. - The Subsidiary changed its name to "GSC Solutions".

Source: the Company

4.6 Overview of the Company and Evolution of its Capital

The Company was established by Mr. Ibrahim Abdullah Abdulaziz Bin Salamah as a single person establishment in Riyadh under the name Dar AlBalad for Information and Technology with Unified Commercial Register No. 7002303746 dated 17/05/1422H (corresponding to 07/08/2001G) with a capital of twenty five thousand Saudi Riyals (SAR 25,000).

On 16/10/1441H (corresponding to 08/06/2020G), the Company was converted from an establishment into a limited liability Company under the name of Dar AlBalad for Maintenance and Operation and its capital was increased from twenty-five thousand Saudi Riyals (SAR 25,000) to one million Saudi Riyals (SAR 1,000,000), divided into one hundred thousand (100,000) shares with a nominal value of ten (10) Saudi Riyals (SAR 10) per share, by transferring an amount of nine hundred and seventy-five thousand Saudi Riyals (SAR 975,000) from the retained earnings account to the capital. Mr. Ibrahim Abdullah Abdulaziz Bin Salamah transferred his entire ownership to Dar AlBalad Commercial Company, without compensation.

Table (4.2): The Company's Ownership Structure as at 16/10/1441H (Corresponding to 08/06/2020G)

Name	Number of Shares	Per Share Value	Total Share Value (SAR)	Shareholding
Dar AlBalad Commercial Company	100,000	10	1,000,000	100%
Total	100,000	10	1,000,000	100%

Source: the Company

On 22/11/1445H (corresponding to 30/05/2024G), the Company's name was changed from Dar AlBalad for Maintenance and Operation Company to Dar AlBalad for Business Solutions Company.

On 11/06/1446H (corresponding to 12/12/2024G), the nominal value of the Company's Share was decreased from ten Saudi Riyals (SAR 10) to one Saudi Riyal (SAR 1), and the Company's capital was increased from one million Saudi Riyals (SAR 1,000,000) divided into one hundred thousand (100,000) shares of equal value of ten Saudi Riyals (SAR 10) to fifty million Saudi Riyals (SAR 50,000,000) divided into fifty million (50,000,000) shares with a nominal value of one (1) Saudi Riyal (SAR 1) per share, wholly-owned by Dar AlBalad Commercial Company, by transferring an amount of forty-nine million Saudi Riyals (SAR 49,000,000) from the retained earnings account to the capital.

Table (4.3): The Company's Ownership Structure as at 11/06/1446H (Corresponding to 12/12/2024G)

Name	Number of Shares	Per Share Value	Total Share Value (SAR)	Shareholding
Dar AlBalad Commercial Company	50,000,000	1	50,000,000	100%
Total	50,000,000	1	50,000,000	100%

Source: the Company

On 13/08/1446H (corresponding to 12/02/2025G), the Company's capital was increased from fifty million Saudi Riyals (SAR 50,000,000) to seventy million Saudi Riyals (SAR 70,000,000) divided into seventy million (70,000,000) shares with a nominal value of one (1) Saudi Riyal (SAR 1) per share, wholly-owned by Dar AlBalad Commercial Company, by transferring an amount of ten million Saudi Riyals (SAR 10,000,000) from the additional capital contributions account and an amount of ten million Saudi Riyals (SAR 10,000,000) from the retained earnings account to the capital.

Table (4.4): The Company's Ownership Structure as at 13/08/1446H (Corresponding to 12/02/2025G)

Name	Number of Shares	Per Share Value	Total Share Value (SAR)	Shareholding
Dar AlBalad Commercial Company	70,000,000	1	70,000,000	100%
Total	70,000,000	1	70,000,000	100%

Source: the Company

On 21/08/1446H (corresponding to 20/02/2025G), Dar AlBalad Commercial Company assigned, in exchange for an agreed cash consideration (of five million sixty thousand five hundred and twelve Saudi Riyals (SAR 5,060,512)) part of its shares in the Company amounting to one million and four hundred thousand (1,400,000) of its shares in the Company to Najm for Commercial Investment Company, and one million and four hundred thousand (1,400,000) of its shares in the Company to Najm AlOlalaya Commercial Company.

Table (4.5): The Company's Ownership Structure as at 21/08/1446H (Corresponding to 20/02/2025G)

Name	Number of Shares	Per Share Value	Total Share Value (SAR)	Shareholding
Dar AlBalad Commercial Company	67,200,000	1	67,200,000	96%
Najm for Commercial Investment Company	1,400,000	1	1,400,000	2%
Najm AlOlalaya Commercial Company	1,400,000	1	1,400,000	2%
Total	70,000,000	1	70,000,000	100%

Source: the Company

On 02/09/1446H (corresponding to 02/03/2025G), the Company was converted from a limited liability company to a closed joint-stock company with an issued share capital of seventy million Saudi Riyals (SAR 70,000,000), fully paid, divided into seventy million (70,000,000) shares with a nominal value of one (1) Saudi Riyal (SAR 1) per share and its commercial registration was registered as a closed joint-stock company.

Table (4.6): The Company's Ownership Structure as at 02/09/1446H (Corresponding to 02/03/2025G)

Name	Number of Shares	Per Share Value	Total Share Value (SAR)	Shareholding
Dar AlBalad Commercial Company	67,200,000	1	67,200,000	96%
Najm for Commercial Investment Company	1,400,000	1	1,400,000	2%
Najm AlOlalaya Commercial Company	1,400,000	1	1,400,000	2%
Total	70,000,000	1	70,000,000	100%

Source: the Company

As at the date of this Prospectus, the Company's current share capital is seventy million Saudi Riyals (SAR 70,000,000), fully paid and divided into seventy million (70,000,000) Ordinary Shares of equal value of one Saudi Riyal (SAR 1) per share.

Table (4.7): The Company's Ownership Structure as at the Date of this Prospectus

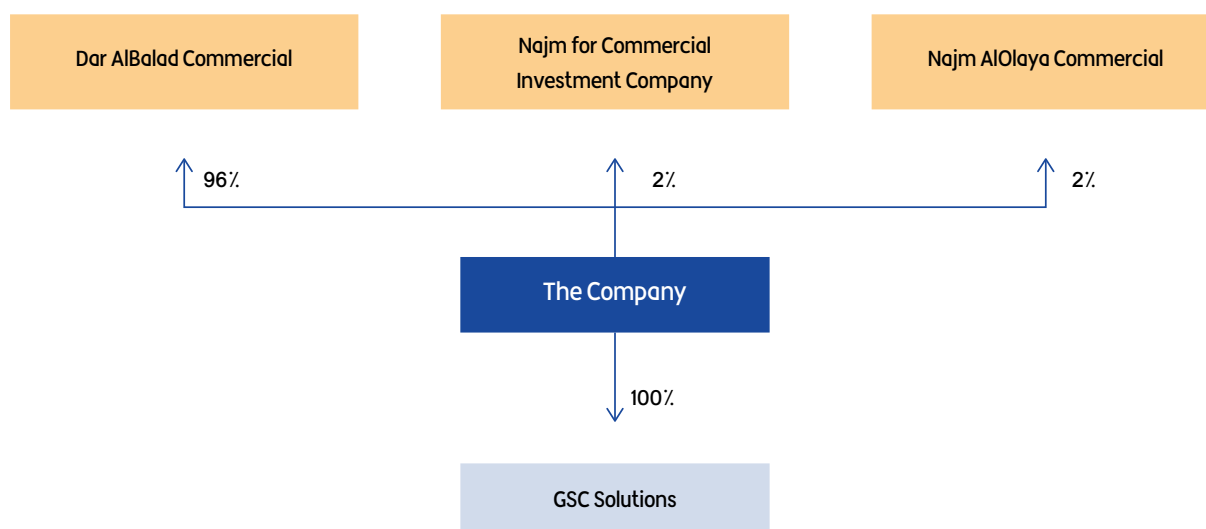
Name	Number of Shares	Per Share Value	Total Share Value (SAR)	Shareholding
Dar AlBalad Commercial Company	67,200,000	1	67,200,000	96%
Najm for Commercial Investment Company	1,400,000	1	1,400,000	2%
Najm AlOlalaya Commercial Company	1,400,000	1	1,400,000	2%
Total	70,000,000	1	70,000,000	100%

Source: the Company

4.7 Overview of Shareholders

The following chart illustrates the structure of the Company as at the date of this Prospectus:

Figure (4.1): Company's Ownership Structure as at the Date of this Prospectus



4.7.1 Dar AlBalad Commercial Company

Dar AlBalad Commercial Company is a closed joint-stock company, with a share capital of eighty million Saudi Riyals (SAR 80,000,000) divided into eight million (8,000,000) shares, with a nominal value of ten (10) Saudi Riyals (SAR 10) per share, registered under commercial registration No. 1010152341, dated 11/09/1419H (corresponding to 29/12/1998G), in Riyadh. The main activities of Dar AlBalad Commercial Company include establishing and managing subsidiary companies in the fields of information technology and technical support, construction and contracting, providing industrial solutions, poultry farming and egg production, and financial and real estate investments. The following table sets out the ownership structure of Dar AlBalad Commercial Company, as at the date of this Prospectus.

Table (4.8): Dar AlBalad Commercial Company's Ownership Structure as at the Date of this Prospectus

Name	Number of Shares	Per Share Value	Total Share Value (SAR)	Shareholding
Khalil Ibrahim Abdullah Bin Salamah	2,038,840	10	20,388,400	25.48%
Abdulaziz Ibrahim Abdullah Bin Salamah	1,322,300	10	13,223,000	16.53%
Abdullah Ibrahim Abdullah Bin Salamah	1,322,300	10	13,223,000	16.53%
Badr Ibrahim Abdullah Bin Salamah	728,070	10	7,280,700	9.10%
Basma Ibrahim Abdullah Bin Salamah	710,085	10	7,100,850	8.90%
Sheikhah Eid Abdulaziz AlEid	678,405	10	6,784,050	8.48%
Aseel Ibrahim Abdullah Bin Salamah	400,800	10	4,008,000	5.01%
Noura Ibrahim Abdullah Bin Salamah	400,800	10	4,008,000	5.01%
Bassam Ibrahim Abdullah Bin Salamah	398,400	10	3,984,000	4.89%
Total	8,000,000	10	80,000,000	100%

Source: the Company

4.7.2 Najm for Commercial Investment Company

Najm for Commercial Investment Company is a limited liability company, with a capital of one million Saudi Riyals (SAR 1,000,000), divided into one hundred thousand (100,000) shares, with a nominal value of ten Saudi Riyals (SAR 10) per share, registered under commercial registration No. 1010374067, dated 02/07/1434H (corresponding to 12/05/2013G), in Riyadh. The main activities of Najm for Commercial Investment Company include financial investments. The following table sets out the ownership structure of Najm for Commercial Investment Company, as at the date of this Prospectus.

Table (4.9): Najm for Commercial Investment Company's Ownership Structure as at the Date of this Prospectus

Name	Number of Shares	Per Share Value	Total Share Value (SAR)	Shareholding
Khalil Ibrahim Abdullah Bin Salamah	50,000	10	500,000	50%
Bassam Ibrahim Abdullah Bin Salamah	50,000	10	500,000	50%
Total	100,000	10	1,000,000	100%

Source: the Company

4.7.3 Najm AlOlaya Commercial Company

Najm AlOlaya Commercial Company is a limited liability company, with a share capital of ten thousand Saudi Riyals (SAR 10,000), divided into one thousand (1000) shares, with a nominal value of ten Saudi Riyals (SAR 10) per share, registered under commercial registration No. 1009098779, dated 12/03/1446H (corresponding to 15/09/2024G), headquartered in Riyadh. The main activities of Najm AlOlaya Commercial Company include financial investments. The following table sets out the ownership structure of Najm AlOlaya Commercial Company, as at the date of this Prospectus.

Table (4.10): Najm AlOlaya Commercial Company's Ownership Structure as at the Date of this Prospectus

Name	Number of Shares	Per Share Value	Total Share Value (SAR)	Shareholding
Bassam Ibrahim Abdullah Bin Salamah	940	10	9,400	94.0%
Abdullah Bassam Ibrahim Abdullah Bin Salamah	10	10	100	1.0%
Ibrahim Bassam Ibrahim Abdullah Bin Salamah	10	10	100	1.0%
Abdulaziz Bassam Ibrahim Abdullah Bin Salamah	10	10	100	1.0%
Haya Bassam Ibrahim Abdullah Bin Salamah	10	10	100	1.0%
Shatha Abdullah Mohammad AlRwuaite	10	10	100	1.0%
Shaikha Bassam Ibrahim Abdullah Bin Salamah	10	10	100	1.0%
Total	1,000	10	10,000	100%

Source: the Company

4.7.4 Indirect Substantial Shareholders and Ownership Percentage Thereof in the Company

The table below sets out the Indirect Substantial Shareholders and their ownership percentage in the Company pre- and post-Offering.

Table (4.11): Indirect Substantial Shareholders and Ownership Percentage Thereof in the Company Pre- and Post-Offering

Shareholder Name	Pre-Offering			Post-Offering		
	Indirect No. of Shares	Indirect Ownership	Par Value (SAR)	Indirect No. of Shares	Indirect Ownership	Par Value (SAR)
Khalil Ibrahim Abdullah Bin Salamah ⁽¹⁾	17,826,256	25.47%	17,826,256	12,206,703	17.44%	12,206,703
Abdullah Ibrahim Abdullah Bin Salamah ⁽²⁾	11,107,320	15.87%	11,107,320	7,462,731	10.66%	7,462,731
Abdulaziz Ibrahim Abdullah Bin Salamah ⁽²⁾	11,107,320	15.87%	11,107,320	7,462,731	10.66%	7,462,731
Badr Ibrahim Abdullah Bin Salamah ⁽³⁾	6,115,788	8.74%	6,115,788	4,109,045	5.87%	4,109,045
Basmah Ibrahim Abdullah Bin Salamah ⁽⁴⁾	5,964,714	8.52%	5,964,714	4,007,542	5.73%	4,007,542
Shaikha Eid Abdulaziz Al Eid ⁽⁵⁾	5,698,602	8.14%	5,698,602	3,828,748	5.47%	3,828,748
Bassam Ibrahim Abdullah Bin Salamah ⁽⁶⁾	5,362,560	7.66%	5,362,560	4,264,470	6.09%	4,264,470
Total	63,182,560	90.27%	63,182,560	43,341,970	61.92%	43,341,970

Source: the Company

(1) Mr. Khalil Ibrahim Abdullah Bin Salamah holds an indirect ownership of 25.47% before the Offering, resulting from a direct ownership of 25.49% in Dar AlBalad Commercial Company, which in turn owns 96% of the Issuer's shares before the Offering, and a direct ownership of 50% in Najm for Commercial Investment Company, which in turn owns 2% of the Issuer's shares before the Offering.

(2) Each of Mr. Abdullah Ibrahim Abdullah Bin Salamah and Mr. Abdulaziz Ibrahim Abdullah Bin Salamah holds an indirect ownership of 15.87% before the Offering, resulting from a direct ownership of 16.5% in Dar AlBalad Commercial Company, which in turn owns 96% of the Issuer's shares before the Offering.

(3) Mr. Badr Ibrahim Abdullah Bin Salamah holds an indirect ownership of 8.74% before the Offering, resulting from a direct ownership of 9.10% in Dar AlBalad Commercial Company, which in turn owns 96% of the Issuer's shares before the Offering.

(4) Ms. Basmah Ibrahim Abdullah Bin Salamah holds an indirect ownership of 8.52% before the Offering, resulting from a direct ownership of 8.88% in Dar AlBalad Commercial Company, which in turn owns 96% of the Issuer's shares before the Offering.

(5) Ms. Shaikha Eid Abdulaziz Al Eid holds an indirect ownership of 8.14% before the Offering, resulting from a direct ownership of 8.48% in Dar AlBalad Commercial Company, which in turn owns 96% of the Issuer's shares before the Offering.

(6) Mr. Bassam Ibrahim Abdullah Bin Salamah holds an indirect ownership of 7.66% before the Offering, resulting from a direct ownership of 4.98% in Dar AlBalad Commercial Company, which in turn owns 96% of the Issuer's shares before the Offering, a direct ownership of 50% in Najm for Commercial Investment Company, which in turn owns 2% of the Issuer's shares before the Offering, and a direct ownership of 94% in Najm AlOlaya Commercial Company, which in turn owns 2% of the Issuer's shares before the Offering.

4.8 Subsidiaries

As at the date of this Prospectus, the Company had one subsidiary, GSC Solutions (formerly Global Specialty Chemicals Company), a provider of industrial solutions.

The Subsidiary is a limited liability company, with a capital of five hundred thousand Saudi Riyals (SAR 500,000) divided into five hundred thousand (500,000) shares with a nominal value of one (1) Saudi Riyal (SAR 1) per share registered under Unified Commercial Register No. 7001690887, dated 08/08/1432H (corresponding to 09/07/2011G), headquartered in Riyadh.

On 10/04/1447H (corresponding to 02/10/2025G), the name of the Subsidiary was changed from Global Specialty Chemicals Company to GSC Solutions.

The following table shows the ownership structure of the Subsidiary as at the date of this Prospectus.

Table (4.12): The Subsidiary's Ownership Structure as at the Date of this Prospectus

Shareholder Name	Shareholding	Number of Shares
Dar AlBalad for Business Solutions Company	100%	500,000
Total	100%	500,000

Source: the Company

4.9 Overview of the Group's Main Activities

The Group operates as a comprehensive solutions provider, delivering technology-driven Business Solutions, Industrial Solutions and Specialized Services that enhance operational efficiency for customers across multiple sectors. Through its diversified service portfolio, the Group enables customers to optimize their IT infrastructure, streamline business functions and implement cutting-edge industrial solutions. In this context, the Subsidiary also undertakes the management and operation of a specialized industrial facility aimed at supporting industrial services and chemical supply in the markets of the Kingdom and the Gulf Cooperation Council countries, and providing Industrial Maintenance Services for flares, thermal oxidizers, and specialized cables, along with the necessary engineering supervision. The Company's activities further include the provision of technical support services and industrial consulting that contribute to improving customers' operational efficiency. The Group delivers its services through the following business lines:

- **Business Solutions**, which provides services under the following subsegments:
 - **Information Technology Managed Services:** Focused on providing management of IT systems, software, network and infrastructure by monitoring, maintaining, and troubleshooting the IT environment.
 - **IT Consulting Services:** IT consulting services involve providing expert advice and guidance to customers on the effective use of information technology (IT) to achieve their business objectives by enabling customers to access the Company's highly skilled IT professionals.
 - **Business Managed Services:** Outsourced solutions for essential business functions, (including logistics, human resources, and supply chain management), ensuring seamless day-to-day operations.
- **Industrial Solutions**, under which the Group (and more specifically the Subsidiary) provides the following services:
 - **Industrial Reclamation Services:** Providing oil and Industrial Reclamation Services through Distillation and Ion Exchange technologies (including third-party US patented technologies as well as technologies developed in house), as well as heat transfer fluid services and technical support.
 - **Industrial Maintenance Services:** This extends to conducting inspections and assessments of industrial products at customers' facilities, and providing specialized consulting services tailored to customers' needs. The Subsidiary then undertakes the supply of industrial products and the supervision thereof. An example of this includes thermal flares, thermal oxidizers, specialized cables and their spare parts, where the Subsidiary also provides the necessary engineering supervision for maintenance operations.

- **Specialized Solutions**, which includes the following:

- **IoT Smart Solutions:** Providing the procurement, installation and commissioning of IoT equipment. The core products in this field include sensors and communication units, which are supplied, installed, and operated for the benefit of customers.
- **Industrial Supply:** Through the Subsidiary, marketing and selling specialty chemicals manufactured by the Subsidiary and others, including various grades of heat transfer fluids, sodium bisulfite and other industrial chemical solutions.

The Group's headquarters is located in Riyadh, and the Company operates supporting Branches in Jeddah and Bahrain, serving customers across the GCC and the broader MENA region. It also maintains a 10,000 sqm industrial facility in Dammam and a supporting Branch in Qatar through the Subsidiary, reinforcing its industrial services and chemical solutions. The Group maintains business partnerships with other third parties in the Kingdom and the United States, and has alliances in the different markets around the world where it offers its products and services.

4.9.1 Key Performance Indicators

The following table sets forth the Company's key operating metrics, which Management consider to be its key performance indicators for the past three financial years.

Table (4.13): The Group's Key Performance Indicators:

Key Performance Indicator	FY22G	FY23G	FY24G	Six-Month Period Ended 30 June 2025G
Company's Financial Indicators				
Return on Equity	53.0%	59.6%	48.9%	19%
Return on Assets	39.2%	41.9%	36.1%	16%
Operating Profit Margin	14.8%	17.7%	16.3%	17%
Profit Margin	14.7%	16.6%	16.3%	16%
Subsidiary's Financial Indicators				
Return on Equity	19.4%	65.8%	33.6%	25%
Return on Assets	12.5%	45.3%	25.2%	20%
Operating Profit Margin	13.8%	32.6%	27.9%	37%
Profit Margin	12.4%	30.6%	27.5%	37%
Non-financial Indicators				
Company's Customer Base	69	58	62	56
Subsidiary's Customer Base	37	40	37	16
Company's Average Number of Projects	79	68	75	67
Subsidiary's Average Number of Projects	4	6	11	4

Source: the Company

4.9.2 Business Lines

The Group delivers its portfolio of solutions and services through three business lines: Business Solutions, Industrial Solutions and Specialized Solutions.

The following table sets out the breakdown of the Group's revenue by business line for the periods indicated.

Table (4.14): Breakdown of Group Revenue by Business Line:

Business Line	Revenue (SAR thousands)				
	FY22G	FY23G	FY24G	Six-Month Period Ended 30 June 2024G	Six-Month Period Ended 30 June 2025G
Business Solutions	157,838	195,402	243,306	114,603	141,769
Information Technology Managed Services	69,344	79,343	123,337	56,058	73,010
Information Technology Consulting Services	59,227	83,302	87,446	42,255	50,613
Business Managed Services	29,267	32,757	32,523	16,290	18,146
Industrial Solutions	10,491⁽¹⁾	38,188⁽¹⁾	22,623⁽¹⁾	8,291⁽¹⁾	12,059
Industrial Reclamation Services	772 ⁽¹⁾	3,753 ⁽¹⁾	10,890 ⁽¹⁾	6,131 ⁽¹⁾	4,407
Industrial Maintenance Services	9,719 ⁽¹⁾	34,435 ⁽¹⁾	11,733 ⁽¹⁾	2,160 ⁽¹⁾	7,652
Specialized Solutions	13,805	7,918	8,048	3,411	2,071
IoT Smart Solutions	43	73	20	18	-
Industrial Supply	13,762 ⁽¹⁾	7,845 ⁽¹⁾	8,028 ⁽¹⁾	3,393 ⁽¹⁾	2,071
Total Sector Revenue	182,134	241,508	273,977	126,305	155,899
Amendments	(306)	(319)	(212)	(106)	(146)
Total Revenue	181,828	241,189	273,765	126,199	155,753

Source: the Company

(1) Revenue figures are from the Subsidiary prior to its acquisition by the Company.

A summary of the Group's business lines is set forth below.

4.9.2.1 Business Solutions

The Group's Business Solutions business line comprises three subsegments: Information Technology Managed Services, Information Technology Consulting Services and Business Managed Services.

4.9.2.1.1 Information Technology Managed Services

Through the Group's Information Technology Managed Services business, the Company offers services across several broad areas, including, but not limited to, the following:

- End User Support Services: This includes technical assistance and guidance provided to individual users (end users) of computer systems, software applications or other technology within an organization.
- IT Helpdesk Services: Providing a centralized point of contact for customers, employees or end users to request assistance, report issues, or seek information related to IT or technical services.
- Application Support Services: Provides application maintenance, troubleshooting, upgrade and patching, monitoring and optimizing.
- Infrastructure Support Services: This includes the management and maintenance of servers, network, storage units, databases and data centers of an organization's IT infrastructure.

The following table sets forth key projects that have been recently completed or are currently being executed in the Group's Information Technology Managed Services business:

Table (4.15): Overview of Group's Recent Projects in Information Technology Managed Services:

Customer	Project Description	Estimated Project Value ⁽¹⁾ (in SAR)	Paid Invoiced Amounts as at 30 June 2025G	Unpaid Invoiced Amounts as at 30 June 2025G	Unbilled Revenue as at 30 June 2025G	Start Date	Completion Date ⁽²⁾	Comments
Completed Projects								
Government Related Entity -1	Managed IT infrastructure and technical services in terms of networking, servers, IT systems, firewalls, and technical support to secure scalable, and efficient IT operation	6,322,986	6,322,986	0	0	24/08/2023G	23/08/2024G	As at the date of this Prospectus, the project is completed and all payments are collected.
Government Related Entity -1	IT digital transformation covering Microsoft technology development, business intelligence, enterprise architecture, QA, UX, systems integration, analytics, and mobile applications, with project management and digital governance	6,994,956	6,994,956	0	0	24/08/2023G	23/08/2024G	As at the date of this Prospectus, the project is completed and all payments are collected.
Saudi Bank -1	Development and support services including backend development for robust and scalable server-side solutions for digital financing products to drive innovation and growth; frontend development for user-friendly and responsive interfaces; and IVR development for automated and efficient customer interactions	9,667,281	8,861,675	805,606	0	29/02/2024G	28/02/2025G	As at the date of this Prospectus, the project is completed and all payments are collected.



Customer	Project Description	Estimated Project Value ⁽¹⁾ (in SAR)	Paid Invoiced Amounts as at 30 June 2025G	Unpaid Invoiced Amounts as at 30 June 2025G	Unbilled Revenue as at 30 June 2025G	Start Date	Completion Date ⁽²⁾	Comments
Saudi Digital Bank -1	Building and architecting performant mobile channel; enhancing digital channels and customer services by designing and implementing business request; supporting technical change and incidents fixed to digital factory	11,405,712	11,405,712	0	0	25/10/2023G	31/12/2024G	As at the date of this Prospectus, the project is completed and all payments are collected.
Government Related Entity -2	Maintaining and running the following E-Services: MS CRM Dynamic, ".Net", Oracle EBS, MS SharePoint, MS Power BI, ECM: Enterprise Content Management "Laserfiche", and ESB: Enterprise Service Bus" SoftwareAG - Web Method	13,416,220	13,416,220	0	0	01/02/2022G	31/10/2023G	As at the date of this Prospectus, the project is completed and all payments are collected.
Ongoing Projects								
Government Related Entity -2	Maintaining and running the following E-Services: CRM: MS CRM Dynamic, ERP: Oracle EBS, Intranet: MS SharePoint, External Website: MS SharePoint, BI: MS Power BI, ECM: Enterprise Content Management (Laserfiche), ESB: Enterprise Service Bus (SoftwareAG - Web Method), ITSM: BMC Remedy, and EPM: Microsoft Enterprise Project Management	16,373,112	15,147,856	0	1,225,265	01/11/2023G	31/10/2025G	As at the date of this Prospectus, the project is completed and the final invoice is being collected.



Customer	Project Description	Estimated Project Value ⁽¹⁾ (in SAR)	Paid Invoiced Amounts as at 30 June 2025G	Unpaid Invoiced Amounts as at 30 June 2025G	Unbilled Revenue as at 30 June 2025G	Start Date	Completion Date ⁽²⁾	Comments
Saudi Bank -1	T24 transformation project implementing, configuring, and upgrading the T24 banking system to enhance core banking operations	12,020,452	6,010,224	1,001,704	1,001,704	01/9/2024G	31/08/2025G	As at the date of this Prospectus, the project is completed and the unpaid and unbilled amounts are being collected.
Government Related Entity -4	Supporting the implementation of the technology and digital innovation sector's technical roadmap; supporting, improving, and developing programs and systems specific to customer; providing technical support for devices, networks, and systems within the institution on a 24/7 basis	38,898,052	10,660,429	1,047,298	0	30/04/2024G	30/04/2027G	As at the date of this Prospectus, work on the project is ongoing in compliance with the contract.
Saudi Digital Bank -1	Technology integration and support services project including integration, application development, infrastructure management, ERP support, CRM implementation and cloud architecture	9,922,311	4,134,295	0	826,859	01/01/2025G	31/12/2025G	As at the date of this Prospectus, work on the project is ongoing in compliance with the contract.
Listed Insurance Company -1	Technical services agreement providing comprehensive managed services covering system maintenance, operations, and support, IT infrastructure technical support and data management services	6,785,863	6,785,863	0	0	11/09/2022G	12/09/2025G	As at the date of this Prospectus, the project is completed and all unpaid amounts are collected.

Customer	Project Description	Estimated Project Value ⁽¹⁾ (in SAR)	Paid Invoiced Amounts as at 30 June 2025G	Unpaid Invoiced Amounts as at 30 June 2025G	Unbilled Revenue as at 30 June 2025G	Start Date	Completion Date ⁽²⁾	Comments
Saudi Bank -2	Providing managed IT services across various IT disciplines, including project management, IT governance, application development, data management, testing and infrastructure administration	30,253,528	28,774,030	0	1,479,498	21/05/2023G	20/05/2025G	As at the date of this Prospectus, the project is completed and all payments are collected.
Saudi Bank -6	Service master agreement project providing IT services based on an agreed scope of work	2,982,027	1,988,016	0	248,502	01/09/2024G	31/08/2025G	As at the date of this Prospectus, the project has been recently completed and unbilled amounts are being collected.

Source: the Company

(1) The estimated project value reflects the customer's estimated total spending throughout the project's lifetime.

(2) Completion dates for ongoing projects are estimated.

Revenue from the Information Technology Managed Services business comprised 43.9%, 40.5% and 50.6% of the Company's total revenue (prior to acquiring the Subsidiary) for FY22G, FY23G and FY24G, and represented 46.9% of the Company's total revenue (including the Subsidiary) for the Six-Month Period Ended 30 June 2025G, respectively.

4.9.2.1.2 Information Technology Consulting Services

Through the Group's Information Technology Services business, the Company provides solutions and services to support customers in their IT operations, providing customers with expert advice and guidance on the effective use of IT to achieve their business objectives by enabling them to access to the Company's highly skilled IT professionals. The Company offers these IT consulting services across several broad areas, including, but not limited to:

- IT Digital Transformation: This includes transforming business operations, processes, and technologies to leverage digital technologies and improve business efficiency, drive innovation, and enhance customer experience.
- ERP- Enterprise Resource Planning: Helping organizations manage their business operations and resources more efficiently by increasing transparency and customer satisfaction while reducing costs.
- IT Infrastructure: This includes the installation and maintenance of hardware, software, networks, datacenters, and security.
- IT Core Banking Systems: This includes the implementation, improvement or operation of a comprehensive core banking system that supports account management, transaction processing, and loan management.

The following table sets forth key projects that have been recently completed or are currently being executed in the Group's Information Technology Consulting Services business:

Table (4.16): Overview of Group's Recent Projects in Information Technology Consulting Services:

Customer	Project Description	Project Value ⁽¹⁾ (in SAR)	Paid Invoiced Amounts as at 30 June 2025G	Unpaid Invoiced Amounts as at 30 June 2025G	Unbilled Revenue as at 30 June 2025G	Start Date	Completion Date ⁽²⁾	Comments
Completed Projects								
Financial Services Company -11	Technical operation support services providing tailored IT consulting services, aligned with a predefined scope of work, to address specific business needs	1,471,422	1,471,422	0	0	01/08/2020G	31/07/2021G	As at the date of this Prospectus, the project is completed and all payments are collected.
Listed Software & Services Company -1	IT and technical support providing consulting IT services across various IT disciplines, including project management, IT governance, application development, data management, testing and infrastructure administration	43,051,187	43,051,187	0	0	09/02/2020G	30/11/2023G	As at the date of this Prospectus, the project is completed and all payments are collected.
Saudi Bank -4	Providing tailored IT Consulting Services, aligned with a predefined scope of work, to address specific business needs	4,569,388	4,569,388	0	0	01/01/2024G	31/12/2024G	As at the date of this Prospectus, the project is completed and all payments are collected.
Saudi Digital Bank -2	Providing tailored IT Consulting Services, aligned with a predefined scope of work, to address specific business needs	3,773,046	3,773,046	0	0	01/01/2023G	31/12/2023G	As at the date of this Prospectus, the project is completed and all payments are collected.
Saudi Digital Bank -2	Providing tailored IT Consulting Services, aligned with a predefined scope of work, to address specific business needs	5,713,911	5,713,911	0	0	01/01/2024G	31/12/2024G	As at the date of this Prospectus, the project is completed and all payments are collected.

Customer	Project Description	Project Value ⁽¹⁾ (in SAR)	Paid Invoiced Amounts as at 30 June 2025G	Unpaid Invoiced Amounts as at 30 June 2025G	Unbilled Revenue as at 30 June 2025G	Start Date	Completion Date ⁽²⁾	Comments
Ongoing Projects								
Listed Software & Services Company -1	Providing consulting IT services across various IT disciplines, including project management, IT governance, application development, data management, testing, and infrastructure administration	89,909,642	29,488,904	4,590,838	10,062,429	04/12/2023G	03/12/2026G	As at the date of this Prospectus, work on the project is ongoing in compliance with the contract.
Listed Financial Services Company -1	Technical onsite, PC & systems support; consulting IT services across various IT disciplines, including application development, quality management, PC technical support and infrastructure support	3,749,920	1,562,446	0	213,162	28/12/2021G	31/10/2025G	As at the date of this Prospectus, work on the project is ongoing in compliance with the contract.
Saudi Bank -3	Providing tailored IT Consulting Services, aligned with a predefined scope of work, to address specific business needs	19,811,198	9,215,103	2,830,286	2,813,009	01/01/2024G	31/12/2025G	As at the date of this Prospectus, work on the project is ongoing in compliance with the contract.
Listed Insurance Company -3	Consulting services in technical and admin support	9,684,516	8,608,452	269,103	269,634	01/11/2022G	31/10/2025G	As at the date of this Prospectus, work on the project is ongoing in compliance with the contract.
Saudi Digital Bank -2	Providing tailored IT Consulting Services, aligned with a predefined scope of work, to address specific business needs	9,500,000	3,441,206	1,593,241	794,250	01/01/2025G	31/12/2025G	As at the date of this Prospectus, work on the project is ongoing in compliance with the contract.

Source: the Company

(1) The total project value reflects the customer's estimate total spending throughout the project's lifetime.

(2) Completion dates for ongoing projects are estimated.

Revenue from the Information Technology Consulting Services business comprised 37.5%, 43.6% and 35.9% of the Company's total revenue (prior to acquiring the Subsidiary) for FY22G, FY23G and FY24G, and represented 32.5% of the Company's total revenue (including the Subsidiary) for the Six-Month Period Ended 30 June 2025G, respectively.

4.9.2.1.3 Business Managed Services

In the Group's Business Managed Services business, the Company offers services supporting the activities and processes involved in managing and maintaining an organization's day-to-day operations, including logistics, human resources and supply chain. These services include, for example:

- Supply Chain Management: Supporting organizations in finding, evaluating, and selecting suppliers, negotiating contracts, and managing procurement processes.
- Administrative Management: Supporting organizations in administrative related work, including managing and supporting the day to day operations.
- Logistics Management: Managing the flow of trucks and containers movements, including entry and exit time, for Saudi ports and borders in order to reduce congestion and wait times for trucks. This includes operating, supervising, scheduling, and monitoring the movement of trucks within the port including truck arrival, departure and stay time.
- Banking Services: encompassing retail banking, enterprise solutions, customer management, corporate banking, and treasury technology development.

The following table sets forth key projects that have been recently completed or are currently being executed in the Group's Business Managed Services business:

Table (4.17): Overview of Group's Recent Projects in Business Managed Services:

Customer	Project Description	Project Value ⁽¹⁾ (in SAR)	Paid Invoiced Amounts as at 30 June 2025G	Unpaid Invoiced Amounts as at 30 June 2025G	Unbilled Revenue as at 30 June 2025G	Start Date	Completion Date ⁽²⁾	Comments
Completed Projects								
Private Company -1	Gate operators, including logistics operation by operating and supervising customs' fasah platforms thru the use of truck appointment system for all Saudi borders	32,989,728	30,398,047	2,591,681	0	01/01/2021G	31/12/2024G	To date, approximately SAR 1,973,471.8 has been collected. The delay in collecting the remaining dues is due to the customer's ongoing invoice review process (despite their confirmation of payment), as well as the customer's acquisition by another company, which has slowed down the review procedures and payment authorizations.
Saudi Bank -5	Providing banking services including retail banking, customer management and enterprise solutions	16,744,226	16,744,226	0	0	01/02/2023G	31/01/2025G	As at the date of this Prospectus, the project is completed and all payments are collected.

Customer	Project Description	Project Value ⁽¹⁾ (in SAR)	Paid Invoiced Amounts as at 30 June 2025G	Unpaid Invoiced Amounts as at 30 June 2025G	Unbilled Revenue as at 30 June 2025G	Start Date	Completion Date ⁽²⁾	Comments
Government Related Entity -9	Providing media services for projects, including but not limited to media campaigns, content preparation and writing, and digital marketing	1,999,965	747,500	1,252,465	0	03/03/2022G	02/03/2023G	As at the date of this Prospectus, approval was granted to disburse the outstanding amounts.
Ongoing Projects								
Private Company -1	Gate operators, including logistics operation by operating and supervising customs' fasah platforms thru the use of truck appointment system for all Saudi borders	43,030,080	1,274,790	4,337,793	1,096,334	01/01/2025G	31/12/2028G	As at the date of this Prospectus, work on the project is ongoing in compliance with the contract.
Government Related Entity -3	Providing supply chain services, including contracting, procurement, inventory planning and strategy sourcing	8,875,296	0	887,530	0	09/09/2024G	08/09/2026G	As at the date of this Prospectus, works are carried out in line with the contract timeline.

Source: the Company

(1) The total project value reflects the customer's estimated total spending throughout the project's lifetime.

(2) Completion dates for ongoing projects are estimated.

Revenue from the Business Managed Services business comprised 18.5%, 16.7% and 13.4% of the Company's total revenue (prior to acquiring the Subsidiary) for FY22G, FY23G and FY24G, and represented 11.6% of the Company's total revenue (including the Subsidiary) for the Six-Month Period Ended 30 June 2025G, respectively.

4.9.2.2 Industrial Solutions

The Group's Industrial Solutions business line comprises two subsegments: Industrial Reclamation Services and Industrial Maintenance Services. The Group carries out its operations in this business line through its Subsidiary.

In January 2025G, the Company acquired 100% of the share capital of the Subsidiary from Dar AlBalad Commercial Company pursuant to an agreement executed on 01/07/1446H (corresponding to 01/01/2025G), whereby the Company acquired all the shares of Dar AlBalad Commercial Company in GSC Solutions, including all its rights and obligations, at a book value amounting to SAR 21,839,626 as at 31 December 2024G, and the Company recorded such value as additional share capital. All statutory and legal procedures related to the transfer of ownership and the updating of the commercial registrations were completed on 13/07/1446H (corresponding to 13/01/2025G). The Subsidiary is a provider of different industrial solution services to customers in various industrial sectors, including refining, gas processing, petrochemicals and steel. The Subsidiary offers its services both actively within the Kingdom and in other countries across the GCC and Middle East, North Africa, India and the United States.

4.9.2.2.1 Industrial Reclamation Services

In the Group's Industrial Reclamation Services business, the Subsidiary provides reliable and cost effective solutions that allow oil refineries, gas processing plants, petrochemical plants and steel plants to enhance and sustain their operations.

Refineries, gas processing plants and petrochemical plants use amines closed systems to treat gases by removing some components, but over time the performance of those systems is reduced due to contamination, leading to operational failures. To prevent this, the plants must either replace the quantity of amines or perform reclamation that allows them to re-use amines. The Subsidiary provides high quality turnkey purification and reclamation services via its patented technologies (Distillation base technology or Ion Exchange base technology) based on the end application and the customer's needs. The Subsidiary's reclamation services improve contaminant removal, provide total solvent quality control, have a simple continuous design and provide technical assistance and support.

In its Industrial Reclamation Services business, the Subsidiary provides a flexible approach that includes both on-site and off-site reclamation services. On-site services offer customers economical on-site reclamation services with a portable, skid mounted unit which can effectively remove impurities from contaminated fluid at the customer location and without requiring a shutdown of the chemical system. Off-site reclamation services provide customers with the option of sending their contaminated material to the Subsidiary's facilities in Dammam, where it removes the contaminants and returns the refined product for re-use.

The following table sets forth recent projects in the Group's Industrial Reclamation Services business:

Table (4.18): Overview of Group's Recent Projects in Industrial Reclamation Services:

Customer	Project Description	Project Value ⁽¹⁾ (in SAR)	Paid Invoiced Amounts as at 30 June 2025G	Unpaid Invoiced Amounts as at 30 June 2025G	Unbilled Revenue as at 30 June 2025G	Start Date	Completion Date	Comments
ARAMCO	Industrial Reclamation Services	11,000,000	1,810,529	201,170	2,952,086	August 2023G	January 2026G	As at the date of this Prospectus, work on the project is ongoing in compliance with the purchase order.
Qatar Fertilizer Company (QAFCO)	Industrial Reclamation Services	4,315,000	0	0	2,996,716	January 2025G	March 2025G	The estimated project value includes the total contract value plus some additional works requested by the customer. To date, the basic project value of SAR 2,996,716 has been invoiced, and work is underway with the customer to issue a contract addendum to include the additional works.
Qatar Energy	Industrial Reclamation Services	4,125,000	4,014,049.05	0	0	January 2024G	February 2024G	The project was completed for less than its estimated value.
Aramco	Commission of permanent reclamation unit	1,600,000	702,000	78,000	0	September 2024G	December 2025G	As at the date of this Prospectus, work on the project is ongoing in compliance with the contract.
Dolphin Energy (Qatar)	Industrial Reclamation Services	1,875,000	1,673,023.39	0	0	October 2023G	November 2023G	The project was completed for less than its estimated value.

Source: the Company

(1) The total project value reflects the customer's estimated total spending throughout the project's lifetime.

(2) Transactions with Aramco are based on fixed-term purchase orders.

Prior to its acquisition by the Company, the Subsidiary recorded revenue from the Industrial Reclamation Services of SAR 0.8 million, SAR 3.8 million and SAR 10.9 million in FY22G, FY23G and FY24G, respectively, which represented 3.3%, 8.3%, and 35.6% of the Subsidiary's revenue for the same period, respectively. The Subsidiary's revenue from industrial chemical impurity filtration services amounted to SAR 6.1 million and SAR 4.4 million for the Six-Month Period Ended 30 June 2024G and the Six-Month Period Ended 30 June 2025G, respectively, which represented 52.5% and 31.2% of the Subsidiary's revenue for the same period, respectively.

4.9.2.2.2 Industrial Maintenance Services

In the Group's Industrial Maintenance Services business, the Subsidiary is responsible for the inspection, supply and supervision of specialized industrial products such as flares and thermal oxidizers and their spare parts. Flares and thermal oxidizers are part of the main units in petrochemicals plants, refineries, and minerals manufacturing plants that treat waste gases and liquids. The Subsidiary inspects the units and participates in the maintenance program to identify the non-functioning parts, then supplies replacement parts and supervises the installation, depending on customer needs and customer maintenance program procedures.

Prior to its acquisition by the Company, the Subsidiary recorded revenue from Industrial Maintenance Services of SAR 9.7 million, SAR 34.4 million and SAR 11.7 million in FY22G, FY23G and FY24G, respectively, which represented 40.2%, 74.7%, and 38.2% of the Subsidiary's revenue for the same period, respectively. The Subsidiary's revenue from Industrial Maintenance Services amounted to SAR 2.2 million and SAR 7.6 million for the Six-Month Period Ended 30 June 2024G and the Six-Month Period Ended 30 June 2025G, respectively, which represented 18.5% and 54.1% of the Subsidiary's revenue for the same period, respectively.

The following table sets forth recent ongoing projects in the Group's Industrial Maintenance Services sector:

Table (4.19): Overview of the Group's Recent Projects in the Industrial Maintenance Services Sector:

Customer	Project Description	Project Value ⁽¹⁾ (in SAR)	Paid Invoiced Amounts as at 30 June 2025G	Unpaid Invoiced Amounts as at 30 June 2025G	Unbilled Revenue as at 30 June 2025G	Start Date	Completion Date	Comments
Saudi Basic Industries Corporation (SABIC)	Industrial Maintenance Services	5,240,175	5,240,175.00	0	0	October 2023G	November 2023G	As at the date of this Prospectus, the project is completed and all payments are collected.
SATORP (Saudi Aramco Total Refining and Petrochemical Company)	Industrial Maintenance Services	1,068,795	1,068,795.04	0	0	October 2023G	November 2023G	As at the date of this Prospectus, the project is completed and all payments are collected.
Saudi Basic Industries Corporation (SABIC)	Industrial Maintenance Services	4,777,875	0	0	976,650	January 2025G	Ongoing	The project is a supply and installation supervision contract, and, as at the date of this Prospectus, the full contract value will be invoiced upon completion of the supply and installation supervision, which is expected to be completed in June 2026G.



Customer	Project Description	Project Value ⁽¹⁾ (in SAR)	Paid Invoiced Amounts as at 30 June 2025G	Unpaid Invoiced Amounts as at 30 June 2025G	Unbilled Revenue as at 30 June 2025G	Start Date	Completion Date	Comments
Saudi Basic Industries Corporation (SABIC)	Industrial Maintenance Services	522,845	522,844.65	0	0	January 2024G	February 2024G	As at the date of this Prospectus, the project is completed and all payments are collected.
Saudi Basic Industries Corporation (SABIC)	Industrial Maintenance Services	488,992	488,992.20	0	0	May 2023G	June 2023G	As at the date of this Prospectus, the project is completed and all payments are collected.
Ma'aden Phosphate Company	Industrial Maintenance Services	449,418	449,417.92	0	0	June 2022G	June 2022G	As at the date of this Prospectus, the project is completed and all payments are collected.
Saudi Acrylic Monomer Company (TASNEE)	Industrial Maintenance Services	441,482	441,482.10	0	0	January 2024G	February 2024G	As at the date of this Prospectus, the project is completed and all payments are collected.
Saudi Basic Industries Corporation (SABIC)	Industrial Maintenance Services	446,250	446,250.00	0	0	October 2023G	November 2023G	As at the date of this Prospectus, the project is completed and all payments are collected.
Saudi Basic Industries Corporation (SABIC)	Industrial Maintenance Services	368,513	368,512.50	0	0	April 2023G	May 2023G	As at the date of this Prospectus, the project is completed and all payments are collected.
Ma'aden Phosphate Company	Industrial Maintenance Services	295,276	295,276.13	0	0	July 2022G	July 2022G	As at the date of this Prospectus, the project is completed and all payments are collected.
Ma'aden Phosphate Company	Industrial Maintenance Services	172,312	172,312.50	0	0	May 2025G	May 2025G	As at the date of this Prospectus, the project is completed and all payments are collected.

Source: the Company

(1) The total project value reflects the customer's estimated total spending throughout the project's lifetime.

4.9.2.2.3 Specialized Solutions

The Group's Specialized Solutions business line comprises two subsegments: IoT Smart Solutions and Industrial Supply.

4.9.2.2.4 IoT Smart Solutions

The Internet of Things (IoT) refers to the network of physical objects - devices, vehicles, buildings, and other items - embedded with sensors, software, and other technologies that enable them to connect and exchange data with other devices and systems over the internet. This connectivity allows these objects to be monitored and controlled remotely, creating opportunities for more direct integration between the physical world and computer-based systems.

In the Group's IoT Smart Solutions business, the Company provides IoT solutions to customers through the procurement, installation and commissioning of IoT equipment, such as:

- Wireless sensors, including, for example, smart parking meters, smart water meters, temperature and humidity sensors and industrial sensors (vibration and other) based on LoRaWAN technology.
- Communications devices, including gateways, routers and Modems based on LoRaWAN technology.

The Company has entered into an exclusivity agreement in February 2019G with MultiTech Systems Inc., a leading global US-manufacturer of IoT devices and solutions, pursuant to which the Company is the sole distributor of MultiTech Systems hardware in the Kingdom. This strategic partnership creates a unique opportunity for the Company to:

- Expand its IoT offerings and enhance its IoT portfolio with MultiTech Systems' innovative hardware solutions, including industrial IoT devices, wireless sensors and communication gateways.
- Strengthen its market position as a leading IoT solutions provider in the Kingdom, leveraging MultiTech Systems' expertise and reputation.

The revenue from Smart Internet of Things (IoT) Solutions represented 0.03%, 0.04%, and 0.01% of the Company's total revenue (prior to the acquisition of the Subsidiary) in FY22G, FY23G, and FY24G, while there was no revenue for the Six-Month Period Ended 30 June 2025G.

4.9.2.2.5 Industrial Supply

In the Group's Industrial Supply business, the Subsidiary markets and sells specialty chemicals, including various grades of heat transfer fluids, sodium bisulfite and other industrial chemical solutions, to a wide range of customers including refineries, petrochemical plants, chemical plants, food industry customers, and others. These specialty chemicals include products manufactured by third parties as well as customized chemical products mixed by the Company to customer specifications. These customized products are marketed and sold under the brand names of GSC Solutions (formerly Global Specialty Chemicals Company).

The Subsidiary operates a 10,000 sqm facility in Dammam that has the blending capabilities to mix chemicals produced by third parties into specialized chemical products for customers with specific requirements. The Subsidiary also utilizes the facility as a logistics hub for storing raw materials and finished products awaiting distribution to customers.

Prior to its acquisition by the Company, the Subsidiary recorded revenue from Industrial Supply trading of SAR 13.8 million, SAR 7.8 million and SAR 8.0 million in FY22G, FY23G and FY24G, respectively, which represented 57.0%, 16.9%, and 26.2% of the Subsidiary's revenue for the same period, respectively. The Subsidiary's revenue from industrial supply trading amounted to SAR 3.4 million and SAR 2.1 million for the Six-Month Period Ended 30 June 2024G and the Six-Month Period Ended 30 June 2025G, respectively, representing 29% and 14.6% of the Subsidiary's revenue for the same period, respectively.

4.9.3 Suppliers

The Company's reliance on suppliers is very limited, and is mainly focused in the medical insurance for employees. In its IoT Smart Solutions businesses, the Company partners with leading global technology vendors for the provision of IoT solutions. The Company is the exclusive distributor in the Kingdom of IoT hardware produced by MultiTech Systems Inc. In its Industrial Solutions and Industrial Supply businesses, the Subsidiary sources different chemical materials and spare parts from globally well-known suppliers, based mainly on purchase orders.

Total purchases from the Group's ten largest suppliers (in terms of purchase value) amounted to SAR 21.3 million, SAR 29.6 million, SAR 21.3 million, and SAR 10.6 million for the Financial Years Ended 31 December 2022G, 2023G, 2024G, and the Six-Month Period Ended 30 June 2025G, respectively, which represented 90%, 90%, 89%, and 89% respectively of the Company's total purchases for those periods.

The tables below outline the services provided, business lines and purchase values for the top ten (10) suppliers of the Group on a consolidated basis (although the periods indicated are prior to the Company's acquisition of the Subsidiary):

Table (4.20): Top Ten (10) Suppliers of the Group during FY22G:

No.	Supplier Name	Product/Service Provided	Country	Business line	Purchase Value (SAR)
1	Supplier - 1	Spare parts for maintenance	USA	Industrial Solutions	8,259,592
2	Supplier – 2	Chemicals	China	Specialized Solutions	6,123,375
3	Supplier – 3	Insurance for employees	KSA	Business Solutions	4,488,607
4	Supplier – 4	Chemicals	Netherlands	Specialized Solutions	805,931
5	Supplier – 5	Chemicals	China	Specialized Solutions	524,063
6	Supplier – 6	Spare parts for maintenance	France	Industrial Solutions	357,642
7	Supplier – 7	Chemicals	UAE	Specialized Solutions	224,611
8	Supplier – 8	Chemicals	China	Specialized Solutions	205,313
9	Supplier - 9	Chemicals	India	Specialized Solutions	186,150
10	Al Shahin Travel & Tourism	Flight tickets services	KSA	Business Solutions	117,867

Source: the Company

Table (4.21): Top Ten (10) Suppliers of the Group during FY23G:

No.	Supplier Name	Product/Service Provided	Country	Business line	Purchase Value (SAR)
1	Supplier - 1	Spare parts for maintenance	USA	Industrial Solutions	13,246,669
2	Supplier – 3	Insurance for employees	KSA	Business Solutions	6,118,472
3	Supplier – 10	Spare parts for maintenance	KSA	Industrial Solutions	4,110,000
4	Supplier – 11	Engineering services	KSA	Industrial Solutions	1,158,825
5	Supplier – 2	Chemicals	China	Specialized Solutions	1,779,825
6	Supplier – 5	Chemicals	China	Specialized Solutions	1,136,052
7	Supplier – 6	Spare parts for maintenance	France	Industrial Solutions	782,100
8	Supplier – 4	Chemicals	Netherlands	Specialized Solutions	739,125
9	Thabat Aviation Company	Flight tickets services	KSA	Business Solutions	342,880
10	Supplier – 12	Chemicals	China	Specialized Solutions	190,208

Source: the Company

Table (4.22): Top Ten (10) Suppliers of the Group during FY24G:

No.	Supplier Name	Product/Service Provided	Country	Business line	Purchase Value (SAR)
1	Supplier - 1	Spare parts for maintenance	USA	Industrial Solutions	7,243,614
2	Supplier – 3	Insurance for employees	KSA	Business Solutions	6,658,038
3	Supplier – 2	Chemicals	China	Specialized Solutions	2,596,500
4	Supplier – 4	Chemicals	Netherlands	Specialized Solutions	1,777,500
5	Supplier – 17	Consultation services	KSA	Business Solutions	1,293,642
6	Supplier – 13	Chemicals	China	Specialized Solutions	737,100
7	Supplier – 9	Chemicals	India	Specialized Solutions	309,000
8	Supplier – 12	Chemicals	China	Specialized Solutions	282,487
9	Thabat Aviation Company	Flight tickets services	KSA	Business Solutions	237,283
10	Ewaa Hotels	Hotel services	KSA	Business Solutions	197,427

Source: the Company

Table (4.23): Top Ten (10) Suppliers of the Group during the Six-Month Period Ended 30 June 2025G:

No.	Supplier Name	Product/Service Provided	Country	Business line	Purchase Value (SAR)
1	Supplier – 1	Spare parts for maintenance	USA	Industrial Maintenance	4,970,157.75
2	Supplier – 2	Insurance for employees	KSA	Business Solutions	3,358,772.90
3	Supplier – 17	Consultancy services	KSA	Business Solutions	557,549.78
4	Supplier – 18	Chemicals	India	Industrial Supply	361,462.50
5	Supplier – 19	Chemicals	Egypt	Industrial Supply	313,500.00
6	Supplier – 14	Chemicals	Qatar	Specialized Solutions	263,603.25
7	Supplier – 20	Shipping services	KSA	Specialized Solutions	190,144.68
8	Global Industrial Technology Licensor -1	Engineering services	USA	Industrial Solutions	174,752.18
9	Supplier – 9	Chemicals	India	Industrial Supply	138,000.00
10	Supplier – 16	Chemicals	KSA	Industrial Supply	136,896.00

Source: the Company

4.9.4 Customers

The Company has a diverse customer base of over 60 customers across the public and private sectors targeting only business to business (B2B) customers. In recent periods, the Company's customers have been predominantly based in the financial sector driven by the development of large accounts in that sector. However, the Company's customer base also extend across multiple different sectors such as software and services, government, stock exchange, insurance and health care, telecommunications, and industrial sectors.

The Company's top 10 customers in each year (based on their revenue contributions for FY24G) contributed 69.6%, 69.2%, 72.1%, 72.6%, and 60.8% of the Company's total revenue in the Financial Years Ended 31 December 2022G, 31 December 2023G, 31 December 2024G, and the Six-Month Periods Ended 30 June 2024G and 2025G, respectively. The Company has also secured a number of long-term strategic customers with whom the Company has established a strong business relationship for more than 10 continuous years and from which the Company has generated a large amount of permanent revenue across its multiple business lines. The purpose of compiling the lists of key customers below, based on their contribution to revenue in FY24G, is to measure the contribution of key customers in 2024G across all financial periods, thus demonstrating the overall trend in the reliance on this customer base. Key customers for each Financial Year, along with their revenue contribution percentages, will be set out at the end of this Section, illustrating any changes in customer concentration over time.

The following table sets out the number of customers and percentage of the Company's total revenue from each industry sector for the periods indicated:

Table (4.24): Breakdown of Company Customers and Revenue from each Industry Sector

Sector	FY22G		FY23G		FY24G		Six-Month Period Ended 30 June 2025G	
	Number of Customers	% of total Company revenue	Number of Customers	% of total Company revenue	Number of Customers	% of total Company revenue	Number of Customers	% of total Company revenue
Financial	21	47.7%	21	47.8%	21	51.2%	20	54.9%
IT	18	25.6%	14	25.6%	15	20.7%	12	16.7%
Insurance	6	17.2%	7	17.1%	7	16.2%	6	12.8%
Utility	2	5.6%	3	5.6%	3	6.7%	3	9.1%
Government	1	0.3%	2	0.9%	4	2.5%	4	4.4%

Sector	FY22G		FY23G		FY24G		Six-Month Period Ended 30 June 2025G	
	Number of Customers	% of total Company revenue	Number of Customers	% of total Company revenue	Number of Customers	% of total Company revenue	Number of Customers	% of total Company revenue
Retail	3	1.3%	2	1.3%	2	1.4%	1	1.2%
Industrial Maintenance	2	1.0%	2	1.3%	2	0.9%	2	0.6%
Others	16	1.4%	7	0.5%	8	0.4%	8	0.3%
Total	69	100%	58	100%	62	100%	56	100%

Source: the Company

The following tables show the Company's top 10 customers (based on revenue contribution for FY24G) for the Financial Years Ended 31 December 2022G, 2023G, 2024G, and the Six-Month Period Ended 30 June 2025G:

Table (4.25): Top 10 Customers of the Company for FY22G:

Customer	Sector	Business lines	Period of relationship (years)	Sales (SAR million)	% of total Company revenue
Saudi Bank -1	Financial	IT Managed Services	15+	11.6	7.4%
Listed Software & Services Company -1	IT	IT Consulting Services	10	18.9	12.0
Listed Insurance Company -1	Insurance	IT Managed Services	20+	15.4	9.7%
Saudi Bank -2	Financial	IT Managed Services	20+	18.3	11.6%
Listed Financial Services Company -1	Financial	IT Consulting Services	15+	8.0	5.1%
Private Company -1	IT	Business Managed Services	5	14.1	9.0%
Saudi Digital Bank -1	Financial	IT Managed Services	2	-	-
Saudi Bank -3	Financial	IT Consulting Services	15+	7.6	4.8%
Government Related Entity -1	Insurance	IT Managed Services	4	8.0	5.0%
Government Related Entity -2	Utility	IT Managed Services	6	8.0	5.0%

Source: the Company

Table (4.26): Top 10 Customers of the Company for FY23G:

Customer	Sector	Business lines	Period of relationship (years)	Sales (SAR million)	% of total Company revenue
Saudi Bank -1	Financial	IT Managed Services	15+	17.2	8.8%
Listed Software & Services Company -1	IT	IT Consulting Services	10	26.4	13.5%
Listed Insurance Company -1	Insurance	IT Managed Services	20+	19.6	10.0%
Saudi Bank -2	Financial	IT Managed Services	20+	19.5	10.0%
Listed Financial Services Company -1	Financial	IT Consulting Services	15+	11.8	6.0%
Private Company -1	IT	Business Managed Services	5	14.7	7.5%
Saudi Digital Bank -1	Financial	IT Managed Services	2	0.2	0.1%
Saudi Bank -3	Financial	IT Consulting Services	15+	11.6	5.9%
Government Related Entity -1	Insurance	IT Managed Services	4	7.8	4.0%
Government Related Entity -2	Utility	IT Managed Services	6	6.5	3.3%

Source: the Company

Table (4.27): Top 10 Customers of the Company for FY24G:

Customer	Sector	Business lines	Period of relationship (years)	Sales (SAR million)	% of total Company revenue
Saudi Bank -1	Financial	IT Managed Services	15+	38.8	15.9%
Listed Software & Services Company -1	IT	IT Consulting Services	10	28.4	11.7%
Listed Insurance Company -1	Insurance	IT Managed Services	20+	23.9	9.8%
Saudi Bank -2	Financial	IT Managed Services	20+	18.1	7.4%
Listed Financial Services Company -1	Financial	IT Consulting Services	15+	13.8	5.7%
Private Company -1	IT	Business Managed Services	5	13.6	5.6%
Saudi Digital Bank -1	Financial	IT Managed Services	2	11.2	4.6%
Saudi Bank -3	Financial	IT Consulting Services	15+	10.2	4.2%
Government Related Entity -1	Insurance	IT Managed Services	4	9.2	3.8%
Government Related Entity -2	Utility	IT Managed Services	6	8.3	3.4%

Source: the Company

Table (4.28): Top 10 Customers of the Company for the Six-Month Period Ended 30 June 2025G:

Customer	Sector	Business lines	Period of relationship (years)	Sales (SAR million)	% of total Company revenue
Saudi Bank -1	Financial	IT Managed Services	15+	29.5	18.9%
Listed Software & Services Company -1	IT	IT Consulting Services	10	13.6	8.7%
Listed Insurance Company -1	Insurance	IT Managed Services	20+	13.0	8.3%
Saudi Bank -2	Financial	IT Managed Services	20+	8.3	5.4%
Listed Financial Services Company -1	Financial	IT Consulting Services	15+	7.6	4.9%
Private Company -1	IT	Business Managed Services	5	5.6	3.6%
Saudi Digital Bank -1	Financial	IT Managed Services	2	6.2	4.0%
Saudi Bank -3	Financial	IT Consulting Services	15+	6.2	4.0%
Government Related Entity -1	Insurance	IT Managed Services	4	0	0%
Government Related Entity -2	Utility	IT Managed Services	6	4.6	3.0%

Source: the Company

The following tables set out the Company's top ten customers (based on their contribution to revenue for each period separately) for the Financial Years Ended 31 December 2022G, 2023G, 2024G and the Six-Month Period Ended 30 June 2025G:

Table (4.29): Top 10 Customers of the Company for FY22G:

Customer	Sector	Business lines	Period of relationship (years)	Sales (SAR million)	% of total Company revenue
Listed Software & Services Company -1	IT	IT Consulting Services	10	18.9	12.0%
Saudi Bank -2	Financial	IT Managed Services	20+	18.3	11.6%
Listed Insurance Company -1	Insurance	IT Managed Services	20+	15.4	9.7%
Private Company -1	IT	Business Managed Services	5	14.1	9.0%
Saudi Bank -1	Financial	IT Managed Services	15+	11.6	7.4%
Listed Financial Services Company -1	Financial	IT Consulting Services	15+	8.0	5.1%
Government Related Entity -1	Insurance	IT Managed Services	4	8.0	5.0%
Government Related Entity -2	Utility	IT Managed Services	6	8.0	5.0%
Saudi Bank -3	Financial	IT Consulting Services	15+	7.6	4.8%
Saudi Bank -5	Financial	Business Managed Services	7	6.1	3.8%

Source: the Company

Table (4.30): Top 10 Customers of the Company for FY23G:

Customer	Sector	Business lines	Period of relationship (years)	Sales (SAR million)	% of total Company revenue
Listed Software & Services Company -1	IT	IT Consulting Services	10	26.4	13.5%
Listed Insurance Company -1	Insurance	IT Managed Services	20+	19.6	10.0%
Saudi Bank -2	Financial	IT Managed Services	20+	19.5	10.0%
Saudi Bank -1	Financial	IT Managed Services	15+	17.2	8.8%
Saudi Bank -3	Financial	IT Consulting Services	15+	11.6	5.9%
Private Company -1	IT	Business Managed Services	5	14.7	7.5%
Listed Financial Services Company -1	Financial	IT Consulting Services	15+	11.8	6.0%
Government Related Entity -1	Insurance	IT Managed Services	4	7.8	4.0%
Government Related Entity -2	Utility	IT Managed Services	6	6.5	3.3%
Saudi Bank -4	Financial	IT Consulting Services	20+	6.0	3.1%

Source: the Company

Table (4.31): Top 10 Customers of the Company for FY24G:

Customer	Sector	Business lines	Period of relationship (years)	Sales (SAR million)	% of total Company revenue
Saudi Bank -1	Financial	IT Managed Services	15+	38.8	15.9%
Listed Software & Services Company -1	IT	IT Consulting Services	10	28.4	11.7%
Listed Insurance Company -1	Insurance	IT Managed Services	20+	23.9	9.8%
Saudi Bank -2	Financial	IT Managed Services	20+	18.1	7.4%
Listed Financial Services Company -1	Financial	IT Consulting Services	15+	13.8	5.7%
Private Company -1	IT	Business Managed Services	5	13.6	5.6%
Saudi Digital Bank -1	Financial	IT Managed Services	2	11.2	4.6%
Saudi Bank -3	Financial	IT Consulting Services	15+	10.2	4.2%
Government Related Entity -1	Insurance	IT Managed Services	4	9.2	3.8%
Government Related Entity -2	Utility	IT Managed Services	6	8.3	3.4%

Source: the Company

Table (4.32): Top 10 Customers of the Company for the Six-Month Period Ended 30 June 2025G:

Customer	Sector	Business lines	Period of relationship (years)	Sales (SAR million)	% of total Company revenue
Saudi Bank -1	Financial	IT Managed Services	15+	29.5	18.9%
Listed Software & Services Company -1	IT	IT Consulting Services	10	13.6	8.7%
Listed Insurance Company -1	Insurance	IT Managed Services	20+	13.0	8.3%
Saudi Bank -2	Financial	IT Managed Services	20+	8.3	5.4%
Listed Financial Services Company -1	Financial	IT Consulting Services	15+	7.6	4.9%
Saudi Bank -3	Financial	IT Consulting Services	15+	6.2	4.0%
Saudi Digital Bank -1	Financial	IT Managed Services	2	6.2	4.0%
Government Related Entity -4	Government Related Entity	IT Managed Services	2	5.6	3.6%
Private Company -1	IT	Business Managed Services	5	5.6	3.6%
Government Related Entity -3	Utility	Business Managed Services	10+	5.5	3.5%

Source: the Company

Section 12 (“**Legal Information**”) of this Prospectus sets out a summary of the material contracts between the Company and its key customers.

The Company has also secured a number of long-term strategic customers with whom the Company has established a strong business relationship for more than 10 continuous years and from which the Company has generated a large amount of permanent revenue across its multiple business lines. The Subsidiary serviced over 36 customers during 2024G across the Saudi, GCC and global markets. The Subsidiary’s main customers are large companies in the oil & gas and petrochemical industries, in addition to other customers in chemical manufacturing and mines production. Such transactions are mostly undertaken based on purchase orders.

The Subsidiary's top 10 customers (based on their revenue contribution for FY24G) contributed 44.2%, 72.6%, 85.9%, and 68.5% of the Subsidiary's total revenue in FY22G, FY23G, FY24G, and the Six-Month Period Ended 30 June 2025G, respectively.

The following tables show the Subsidiary's top 10 customers (based on their revenue contribution for FY24G) for the Financial Years Ended 31 December 2022G, 2023G, 2024G, and the Six-Month Period Ended 30 June 2025G:

Table (4.33): Top 10 Customers of the Subsidiary for FY22G:

Customer	Business lines	Sales (SAR million)	% of total Subsidiary revenue
Saudi Basic Industries Corporation	Industrial Maintenance	3.8	15.5%
Saudi Arabian Oil Company (ARAMCO)	Industrial Reclamation	0.5	2.1%
Qatar Energy	Industrial Reclamation	-	-
Air Liquide Arabia LLC	Industrial Maintenance	0.5	2.2%
Modern Chemicals and Services Co.	Industrial Supply	5.3	21.6%
Ma'aden Phosphate Company	Industrial Maintenance	0.3	1.4%
Hakuto Co., Ltd	Industrial Supply	-	-
Novatex Limited	Industrial Supply	-	-
Saudi Acrylic Monomer Company (TASNEE)	Industrial Maintenance	0.2	0.7%
Saudi Aramco Total Refining & Petrochemical	Industrial Maintenance	0.2	0.7 %

Source: the Company

Table (4.34): Top 10 Customers of the Subsidiary for FY23G:

Customer	Business lines	Sales (SAR million)	% of total Subsidiary revenue
Saudi Basic Industries Corporation	Industrial Maintenance	21.6	46.9%
Saudi Arabian Oil Company (ARAMCO)	Industrial Reclamation	0.4	0.9%
Qatar Energy	Industrial Reclamation	-	-
Air Liquide Arabia LLC	Industrial Maintenance	-	-
Modern Chemicals and Services Co.	Industrial Supply	2.4	5.2%
Ma'aden Phosphate Company	Industrial Maintenance	1.1	2.4%
Hakuto Co., Ltd	Industrial Supply	0.3	0.8%
Novatex Limited	Industrial Supply	1.1	2.3%
Saudi Acrylic Monomer Company (TASNEE)	Industrial Maintenance	-	-
Saudi Aramco Total Refining & Petrochemical	Industrial Maintenance	6.5	14.1%

Source: the Company

Table (4.35): Top 10 Customers of the Subsidiary for FY24G:

Customer	Business lines	Sales (SAR million)	% of total Subsidiary revenue
Saudi Basic Industries Corporation	Industrial Maintenance	10.5	34.3%
Saudi Arabian Oil Company (ARAMCO)	Industrial Reclamation	4.1	13.4%
Qatar Energy	Industrial Reclamation	4.0	13.0%
Air Liquide Arabia LLC	Industrial Maintenance	2.3	7.5%
Modern Chemicals and Services Co.	Industrial Supply	2.0	6.5%
Ma'aden Phosphate Company	Industrial Maintenance	0.8	2.6%
Hakuto Co., Ltd	Industrial Supply	0.7	2.3%
Novatex Limited	Industrial Supply	0.7	2.3%
Saudi Acrylic Monomer Company (TASNEE)	Industrial Maintenance	0.6	2.0%
Saudi Aramco Total Refining & Petrochemical	Industrial Maintenance	0.6	2.0%

Source: the Company

Table (4.36): Top 10 Customers of the Subsidiary for the Six-Month Period Ended 30 June 2025G:

Customer	Business lines	Sales (SAR million)	% of total Subsidiary revenue
Saudi Basic Industries Corporation (SABIC)	Industrial Maintenance	5.6	40.2%
Saudi Arabian Oil Company (Aramco)	Industrial Reclamation	1.2	8.8%
QatarEnergy	Industrial Reclamation	0	0%
Air Liquide Arabia LLC	Industrial Maintenance	0	0%
Modern Chemicals Services Company	Industrial Supply	0.93	6.6%
Maaden Phosphate Company	Industrial Maintenance	0.97	6.9%
Hakuto Ltd.	Industrial Supply	0.29	2.1%
Novatex Limited	Industrial Supply	0.12	0.85%
Saudi Acrylic Monomer Company (TASNEE)	Industrial Maintenance	0.009	0.07%
Saudi Aramco Total Refining and Petrochemical Company	Industrial Maintenance	0.42	2.97%

Source: the Company

4.9.5 Sales and Marketing

The Company's sales efforts are spearheaded by account management teams, who maintain relationships and develop business with the Group's customers. The Company currently has specialized sales teams / account managers focusing on specific industry sectors, which include financial, IT software, government, stock exchange, medical insurance and health care sectors.

The Company's business lines, including their engineers, solution architecture, presales teams, account managers and business development managers are highly involved in all sales opportunities, helping sales teams to develop opportunities in the pre-proposal stage, and developing the technical proposals at the request for proposal stage. Sales teams are also supported by a centralized bid management function which coordinates the creation and submission of high-quality competitive bids to secure IT service contracts, ensuring alignment with customer requirements and organizational objectives.



Sales efforts are complemented by a marketing function, which works closely with sales teams to understand customer needs and define marketing plans, enhance brand awareness and perception, and drive lead generation through events and digital media.

A significant portion of the Company's contracts are secured through a rigorous competitive bidding process, which evaluates both technical and commercial aspects. Crucial factors taken into account include the Company's track-record of delivering large projects, the quality of the proposal and services, the expertise and certifications of the technical team, and the robustness of partnerships with strategic partners.

4.10 Intellectual Property

The Group relies on its brand names and trademarks to drive the success of its business and strengthen its competitive position in the market. Please refer to Section 12.11 ("Intellectual Property") of this Prospectus.

4.11 Employees

4.11.1 Dar AlBalad for Business Solutions Company

As at 30 June 2025G, the Company has 863 employees, of whom 853 were based in the Kingdom and 10 based in Bahrain, comprising of 194 Saudi employees, equal to a Saudization rate of 23%. The Company also concluded contracts with 30 offshore consultants (as at 30 June 2025G).

The following table sets out the distribution of employees per department as at FY22G, FY23G, FY24G, and the Six-Month Period Ended 30 June 2025G.

Table (4.37): Overview of the Company's Employees:

Department	FY22G				FY23G				FY24G				Six-Month Period Ended 30 June 2025G			
	Total No. of Employees	Saudi Employees	Non-Saudi Employees	Saudization Rate	Total No. of Employees	Saudi Employees	Non-Saudi Employees	Saudization Rate	Total No. of Employees	Saudi Employees	Non-Saudi Employees	Saudization Rate	Total No. of Employees	Saudi Employees	Non-Saudi Employees	Saudization Rate
Executive management	4	2	2	50%	4	2	2	50%	5	2	3	40%	5	2	3	40%
Finance Department	15	3	12	20%	16	4	12	25%	17	6	11	35%	16	5	11	31%
Shared Services	13	11	2	85%	15	15	0	100%	15	15	0	100%	13	13	0	100%
Projects and Applications	513	132	381	26%	627	160	467	26%	728	159	569	22%	819	172	647	21%
Tendering and Presales	4	2	2	50%	4	2	2	50%	4	2	2	50%	5	3	2	60%
Sales and Account Executives	7	2	5	29%	8	3	5	38%	8	3	5	38%	11	4	7	36%
Projects Management	502	128	374	25%	615	155	460	25%	716	154	562	22%	803	165	638	21%
Total employees in Saudi Arabia	545	148	397	27%	662	181	481	27%	765	182	583	24%	853	192	661	23%
Bahrain Branch employees	0	0	0	N/A	0	0	0	N/A	10	2	8	N/A	10	2	8	N/A
Total	545	148	397	27%	662	181	481	27%	775	184	591	24%	863	194	669	23%

Source: the Company

4.11.2 The Subsidiary

As at 30 June 2025G, the Subsidiary has 10 employees, all of whom were based in the Kingdom, including two Saudi employees at a Saudization rate equal to 20%. The following table sets out the distribution of employees per department as at FY22G, FY23G, FY24G, and the Six-Month Period Ended 30 June 2025G.

Table (4.38): Overview of Employees of the Subsidiary:

Department	FY22G				FY23G				FY24G				Six-Month Period Ended 30 June 2025G			
	Total No. of Employees	Saudi Employees	Non-Saudi Employees	Saudization Rate	Total No. of Employees	Saudi Employees	Non-Saudi Employees	Saudization Rate	Total No. of Employees	Saudi Employees	Non-Saudi Employees	Saudization Rate	Total No. of Employees	Saudi Employees	Non-Saudi Employees	Saudization Rate
Executive management	1	0	1	0%	1	0	1	0%	1	0	1	0%	1	0	1	0%
Administration	1	1	0	100%	1	1	0	100%	1	1	0	100%	1	1	0	100%
Business Development	2	1	1	50%	2	1	1	50%	2	1	1	50%	2	1	1	50%
Logistic Department	1	0	1	0%	1	0	1	0%	2	0	2	0%	2	0	2	0%
Technical Department	3	0	3	0%	4	0	4	0%	4	0	4	0%	4	0	4	0%
Total	8	2	6	25%	9	2	7	22%	10	2	8	20%	10	2	8	20%

Source: the Company

4.11.3 Nationalization

The Nationalization Program “**Nitaqat**” was adopted by virtue of His Excellency the Minister of Labor's Decision No. 4040 dated 12/10/1432H (corresponding to 10/09/2011G), pursuant to Council of Ministers' Resolution No. 50 dated 21/5/1415H (corresponding to 27/10/1994G). The Nitaqat program was implemented on 12/10/1432H (corresponding to 10/09/2011G), with the MHRSD beginning the implementation of the Nitaqat program to encourage institutions to employ Saudi citizens. Through the Nitaqat program, the performance of any Company is evaluated based on specific categories (classifications), namely the platinum category, the green category (subdivided, into low, middle and high) and the red category. Companies in the platinum or green categories are deemed to have met Nationalization requirements and are therefore entitled to a number of benefits, such as: obtaining and renewing work visas or otherwise changing the occupations of its non-Saudi workers (except for professions exclusively reserved for Saudi nationals). Companies in the red category (due to their non-compliance with specific requirements), are deemed to have violated Nationalization requirements and may be subject to certain punitive measures, such as limiting their ability to renew non-Saudi employees' work visas or completely prohibiting non-Saudi employees from obtaining or renewing work visas.

Each of the Company and the Subsidiary are compliant with the Nationalization requirements, with a Nationalization Rate of 22% for the Company and a Nationalization Rate of 35% for the Subsidiary according to the “**Nitaqat**” program (which takes a number of factors into consideration when determining categories). The Company was classified as falling within the medium green category and the Subsidiary was classified as falling within the Platinum category under the “**Nitaqat**” program. The Company obtained Nationalization certificates from the MHRSD for its compliance with Nationalization requirements as of 20/08/1446H (corresponding to 19/02/2025G) and the Subsidiary obtained Nationalization certificates from the MHRSD for its compliance with Nationalization requirements as of 12/08/1446H (corresponding to 11/02/2025G).

4.12 Group's Business Activities and Assets Outside the Kingdom

In addition to its operations in the Kingdom, the Group also has a Branch in Bahrain. The Group believes that having the infrastructure in Bahrain will position it to acquire more business in Bahrain. The Group in the future may also open other Company Branches in the GCC region to support existing projects and open new opportunities in the region.

The Subsidiary also has a supporting Branch in Qatar, and maintains business partnerships and alliances with third parties in the different markets around the world where it offers its products and services. The Subsidiary offers its services in countries across the GCC and Middle East, North Africa, India and the United States. As at the date of this Prospectus, the Group does not own assets outside the Kingdom.

4.13 Research and Development

The Group continually looks for opportunities for growth and innovation across its business lines. It has established a dedicated Application Development function within its Projects and Application department to identify, design and develop new applications for the business. See Section 4.15.2 ("**Projects and Application Department**") for more details.

The Group is currently undertaking a number of development initiatives. Recognizing the growing importance of mobile e-commerce, the Company launched an initiative to develop a robust mobile Marketplace application, a cutting-edge digital platform to bridge the gap between buyers and sellers, facilitating seamless transactions of goods and services. By providing a user-friendly and accessible interface, the application would enable consumers to effortlessly browse, compare, and purchase products from diverse vendors. This application was tailored to support both Business-to-Business (B2B) and Business-to-Consumer (B2C) models with strategic objectives to drive long-term revenue growth, and to establish a strong digital presence for the Company's portfolio. This is intended to help the Company to solidify its position as a leader in the digital marketplace.

In addition, the Subsidiary is jointly working with one of the oil & gas leaders in the region to develop a special state-of-the-art technology for use in the reclamation process. Once technology proven, the Subsidiary will register a patent and will further expand the reclamation business by introducing this new technology in the industry.

As at the date of this Prospectus, the Group does not have a policy regarding research and development.

4.14 Awards and Certifications

The Company has received multiple awards and certificates in recognition of the high-quality services it provides. These acknowledgments reflect the Company's unwavering commitment to excellence, customer satisfaction, and innovation. Key recognitions include:

- Recognition for exceptional service delivery from two major local banks.
- Recognition for commitment to innovation and service excellence from a global technology provider.
- Award for excellence in partnership and service from a major automotive group.
- Appreciation for exceptional execution and customer satisfaction from a leading technology company.

In addition, the Company has been awarded the following certifications:

- Contractor Grade A Certification from the Ministry of Municipal Rural Affairs & Housing.
- ISO 9001 (Quality Management System).
- ISO 14001 (Environmental Management System).
- ISO 45001 (Occupational Health and Safety Management System).
- Manasah Tech.

4.15 Administrative Departments

The Company has a number of administrative departments that support its various activities. All the administrative departments are centralized and operated out of the Company's headquarters in Riyadh.

Set out below is a brief description of the activities of the Company's key administrative departments:

4.15.1 Shared Services Department

The Shared Services department provides services that are shared between all the Group's departments. These services include:

- **Human Capital**, which is responsible for:
 - preparing job descriptions, recruitment and talent acquisition;
 - preparing human resource policies, and ensuring compliance with human resource regulations;
 - preparing employee training programs;
 - conducting employee evaluations and performance reviews; and
 - developing and implementing employee compensation and benefits programs.
- **Administration**, which is responsible for the Group's public relations and the issuance and renewal of governmental licenses.
- **Procurement**, which manages the Group's procurement and supply chain processes.
- **Health and Safety**, which manages the Group's health and safety and work environment.
- **ISO**, which is responsible for maintaining and renewing the Group's qualifications and certificates, conducting relevant inspections, and addressing comments from the relevant audit function.

4.15.2 Projects and Application Department

The Projects and Application department is the Company's core department and consists of four sub-departments:

- **Tendering and Presales Department**, which is responsible for the following activities:
 - developing and proposing solutions, including creating proposals, and presentations;
 - engaging with customers to understand their requirements;
 - managing the tendering process, including reviewing and responding to requests for proposals (RFPs) and requests for quotations (RFQs);
 - coordinating the preparation of bid responses, including writing, editing, and formatting proposals; and
 - submitting proposals and bids to customers.
- **Sales and Account Department**, which undertakes the following:
 - identifying new business opportunities, trends, and customer needs;
 - conducting initial needs assessments to understand potential customers;
 - transferring qualified leads to account executives;
 - acquiring new customers by negotiating and closing sales deals;
 - developing and maintaining strong relationships with existing customers and identifying upselling and cross-selling opportunities;
 - coordinating with project coordinators; and
 - preparing analytic sales reports and market reports.
- **Projects Management Department**, which is responsible for:
 - project planning and budgeting;
 - supporting customer account managers in tendering;
 - assigning and managing resident and non-resident project coordinators to ensure on-time execution of projects;
 - executing projects and resolve challenges;
 - ensuring proper distribution of resources across all projects;
 - supporting in identifying third parties suppliers;
 - projects cost management; and
 - project closing.
- **Application Development Department**, which was newly established in 2025G and is responsible for:
 - researching and identifying potential opportunities for growth and innovation in application development;
 - designing, developing, and deploying new applications to meet business needs and drive Digital Transformation;
 - collaborating with stakeholders to gather and document application requirements;
 - developing, testing, and debugging applications to ensure quality and functionality; and
 - deploying applications to production environments and providing ongoing maintenance and support.

4.15.3 Finance Department

The Finance department is responsible for all aspects of the Group's accounts and financial management. This includes fixed asset management; general ledger and reconciliations; accounts payable (supplier and vendor payments) and accounts receivable (customer invoicing and collection); inventory accounting and stock control; investment accounting and tracking; cash flow management and budgeting and cost control. The Finance department is also in charge of bank relations and loan management, and for Group reporting and financial consolidation, undertaking monthly and annual closing activities, auditing Company accounts and working with internal and external auditors, management reporting and analysis undertaking, and for compliance with IFRS and financial policies, as well as Zakat and tax obligations.

4.15.4 Strategy Department

The Group's Strategy department is responsible for developing the Company's mid-term and long term strategies, ensuring the implementation and execution of these strategies in alignment with the Board of Directors, the executive management and the various departments of the Group, ensuring the achievement of the Group's vision and mission, and for identifying new organic and in-organic growth opportunities for the Group including potential acquisitions, new investments, and other opportunities.

4.15.5 Legal Affairs Department

The Group's legal department consists of the following two sub-departments:

- **Legal Affairs Department**, which is responsible for preparing and reviewing the Group's contractual arrangements, providing legal advice to the Board of Directors, the executive management and the various departments of the Group, representing the Group in legal proceedings, and ensuring the Group's compliance with applicable laws and regulations in conducting its activities.
- **Governance and Compliance Department**, which is responsible for the development and review of the Group's governance policies and procedures, and ensuring the application of good governance across the Group's various departments.

4.16 Business Continuity

The Board of Directors declares that there has been no suspension or interruption in the Group's operations that may affect or have a material impact on the Company's financial position during the twelve-month (12) period preceding the date of this Prospectus. The Board of Directors further declares that the Company has no intention of making a material change to the Company's and Subsidiary's activities in the future.



دار البلد لحلول الأعمال
DAR ALBALAD FOR BUSINESS SOLUTIONS



ORGANIZATIONAL STRUCTURE AND CORPORATE GOVERNANCE



5. ORGANIZATIONAL STRUCTURE AND CORPORATE GOVERNANCE

The organizational structure of the Company consists of the Board of Directors (the **"Board of Directors"** or **"Board"**) and the Company Committees; namely the Audit Committee and the Nomination and Remuneration Committee. The Board holds the ultimate responsibility for directing, supervising, and overseeing the Company and its Executive Management team.

The following figure illustrates the organizational structure of the Company, as at the date of this Prospectus.

Figure (5.1): The Company's Organizational Structure

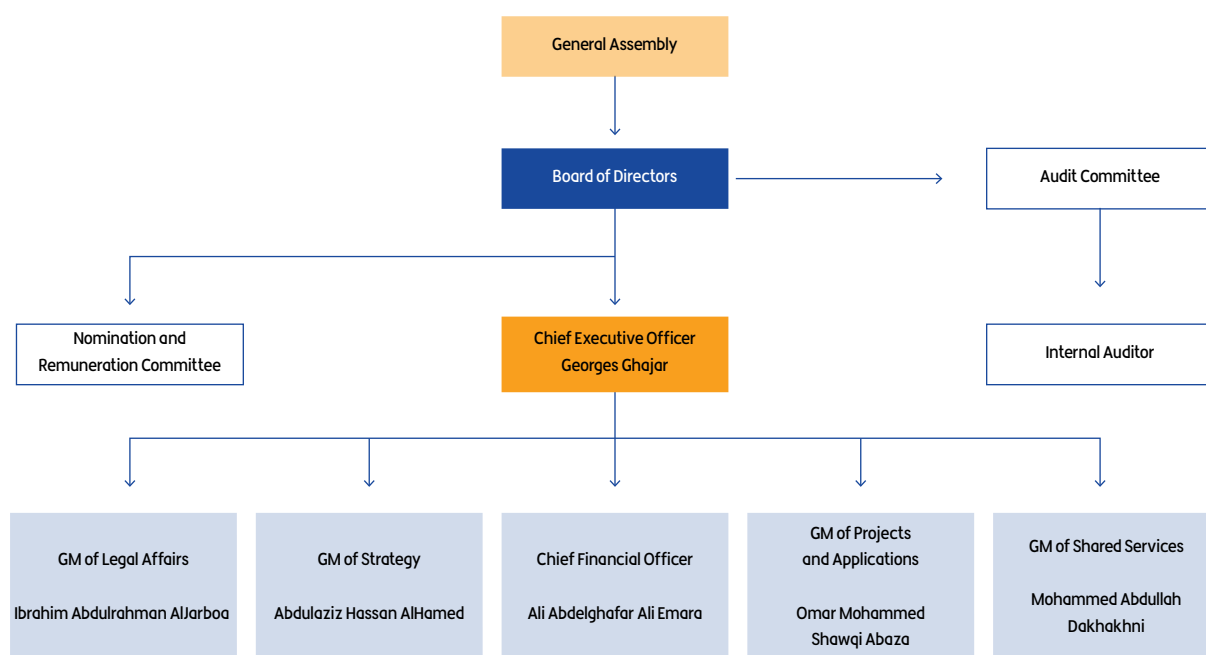


Table (5.1): The Company's Direct Ownership Structure Pre- and Post-Offering

Shareholder Name	Post-Offering			Pre-Offering		
	Direct Ownership	Par Value (SAR)	No. of Shares	Direct Ownership	Par Value (SAR)	No. of Shares
Dar AlBalad Commercial Company	67,200,000	67,200,000	96%	45,150,000	45,150,000	64.5%
Najm for Commercial Investment Company	1,400,000	1,400,000	2.0%	1,400,000	1,400,000	2.0%
Najm AlOlaya Commercial Company	1,400,000	1,400,000	2.0%	1,400,000	1,400,000	2.0%
Treasury Shares ⁽¹⁾	-	-	-	1,050,000	1,050,000	1.5%
Public	-	-	-	21,000,000	21,000,000	30.0%
Total	70,000,000	70,000,000	100%	70,000,000	70,000,000	100%

Source: the Company

(1) The Company's Extraordinary General Assembly approved the allocation of Treasury Shares for use under the Employee Share Scheme. For further details regarding the Employee Share Scheme, please see Section 5.8 (**"Employee Share Scheme"**) of this Prospectus.

5.1 Board Members and Secretary

5.1.1 Composition of the Board of Directors

Pursuant to the Company's Bylaws, the Board of Directors shall consist of five (5) members to be appointed by the Shareholders Ordinary General Assembly for a term not exceeding four (4) calendar years. The Companies Law, the Corporate Governance Regulations, the Company's Bylaws and the Company's Corporate Governance Manual define the duties and responsibilities of the Board of Directors.

The Company's Board of Directors has been appointed by the Shareholders on 02/09/1446H (corresponding to 02/03/2025G). Accordingly, the Board term shall commence on 02/09/1446H (corresponding to 02/03/2025G) and end on 16/10/1450H (corresponding to 01/03/2029G). As at the date of this Prospectus, the Board of Directors is comprised of five (5) members.

The following table sets out the names of the Board Members and other information related thereto, as at the date of this Prospectus.

Table (5.2): Members of the Company's Board of Directors

No.	Name	Position	Nationality	Status	Appointment Date	Direct Ownership		Indirect Ownership	
						Pre- Offering	Post- Offering	Pre- Offering	Post- Offering
1	Dr. Abdullah Suleiman Muhammad AlJuraish	Chairman	Saudi	Independent	02/09/1446H (corresponding to 02/03/2025G)	N/A	N/A	N/A	N/A
2	Awaadh Awadh Eid AlOtaibi	Vice Chairman	Saudi	Independent	02/09/1446H (corresponding to 02/03/2025G)	N/A	N/A	N/A	N/A
3	Abdullah Ibrahim Abdullah Bin Salamah*	Board Member	Saudi	Non-Executive	02/09/1446H (corresponding to 02/03/2025G)	N/A	N/A	15.87%	10.66%
4	Abdulaziz Ibrahim Abdullah Bin Salamah**	Managing Director	Saudi	Executive	02/09/1446H (corresponding to 02/03/2025G)	N/A	N/A	15.87%	10.66%
5	Abdullah Abdulaziz Nasser AlZunaidi	Board Member	Saudi	Independent	02/09/1446H (corresponding to 02/03/2025G)	N/A	N/A	N/A	N/A

Source: the Company

* Mr. Abdullah Ibrahim Abdullah Bin Salamah has an indirect ownership of 15.87% prior to the Offering, as a result of a direct ownership of 16.5% in Dar AlBalad Commercial Company, which in turn owns 96% of the Issuer's Shares pre-Offering.

** Mr. Abdulaziz Ibrahim Abdullah Bin Salamah has an indirect ownership of 15.87% prior to the Offering, as a result of a direct ownership of 16.5% in Dar AlBalad Commercial Company, which in turn owns 96% of the Issuer's Shares pre-Offering.

The current Secretary of the Company's Board of Directors is Mr. Ali Abdelghafar Ali Emara.

5.1.2 Responsibilities of the Board of Directors

A. Board of Directors

The Company's Board of Directors shall assume responsibility for supervising the Company's management, bear the main responsibility before the Shareholders and shall work to achieve their interests through directing and controlling the Company's works and affairs. The Board shall act carefully and loyally when managing the Company. The Board of Directors shall be responsible for approving the general strategic approach of the Company and for laying the Company's general policy. The Board shall undertake such responsibility by supervising the Company's management. The Board may authorize committees, bodies, or individuals to exercise some of its competences. In all cases, the Board of Directors may not issue general or unlimited authorizations. Members of the Board of Directors shall be honest, diligent, and serious, at all times, in accordance with the laws governing the Company and shall act, at all times, in accordance with the Company-related policies.

With due consideration to the powers reserved for the Ordinary and Extraordinary General Assemblies, the Board of Directors shall have all powers and authorities to manage the Company's affairs in accordance with the Company's Bylaws. The Board, under the Company's Corporate Governance Manual, shall have the following powers:

- Forming committees, or delegating others with some of its competences, provided that this shall not relieve the Board from its responsibilities before the Company. The Board shall avoid issuing general or unlimited authorizations.
- In accordance with the Company's Bylaws - Article (10) - and with due consideration to the competences reserved to the Ordinary and Extraordinary General Assemblies, the Board shall have full authorities to direct the Company and supervise its business.
- The Board of Directors shall have the powers, without limitation, to conclude, assign and approve contracts; participate in tenders on behalf of the Company; buy, sell, mortgage and rent the Company's movable and immovable assets; release the Company's debtors from their debts and obligations; and perform all other activities that achieve the Company's objectives.
- The Board of Directors shall also have, without limitation, the authority to donate to charities; establish companies in which the Company participates; make any necessary adjustments, including increasing or decreasing capital, selling or buying portions of such companies, accepting the participation or withdrawal of any shareholder, amending the Company's management, objectives, or any of its terms or Bylaws before the notary; assuming all other authorized powers and signing all agreements.
- The Board of Directors shall be responsible for laying down and approving the Company's internal, financial, administrative, and technical systems, as well as its investment policies, internal control procedures, financial auditing, accounting and procurement regulations, contracting regulations for business and services activities, in addition to policies and regulations of employees.
- The Board of Directors shall have the authority to contract loans with maturity dates exceeding three (3) years, and provide related guarantees, subject to the following conditions:
 - The Board shall specify in its resolution the uses and repayment method of such loans;
 - The Board shall take into consideration that the terms of the loans and the guarantees provided thereunder shall not harm the Company, its Shareholders, or the general guarantees of its creditors.

The Board of Directors has the right to delegate any person to carry out one or more of the above-mentioned responsibilities, in accordance with the Bylaws, the Companies Law, the Corporate Governance Regulations, the Capital Market Law, and the regulations, rules, and instructions issued pursuant thereto.

- The Board shall undertake its responsibilities professionally and seriously with full due diligence. All its decisions shall be based upon sufficient information from the Company's executive management or any other reliable source.
- A Board Member shall represent all shareholders of the Company without favoring the interests of the group of shareholders whom he represents or who voted in its favor.
- The Board shall determine the powers delegated to the executive management and term of delegation. The Board has to determine the subject matters that it assumes full power to settle down. The executive management should present periodical reports to the Board concerning its exercising of delegated powers.
- The Board shall ensure that guidelines are in place to inform new Board Members about the Company's processes, specifically those concerning financial and legal affairs. If necessary, training shall be provided.
- Each Board Members shall comply with Article 28 of the Corporate Governance Regulations, and perform all assigned duties and tasks, including, without limitation:
 - complying fully with the provisions of the Companies Law, Capital Market Law, and other relevant laws when performing his duties as a member of the Board and abstaining from taking or participating in any action that constitute mismanagement of the Company's affairs;
 - attending the Board and the General Assembly meetings, and not being absent except for legitimate excuse of which the chairman of the Board shall be notified by prior notice, or for emergency reasons;
 - allocating sufficient time to fulfill his responsibilities and preparing for the Board and its committees' meetings and effectively participating therein, including raising relevant questions and carrying discussions with the Senior Executives

The Board of Directors may delegate one or more of its members or of third parties to undertake a specific action(s) that falls under its powers.

B. Chairman of the Board of Directors

Pursuant to Article 12 of the Company's Bylaws, the Board of Directors shall appoint from among its members a Chairman, and may appoint a Managing Director or a Vice Chairman. It shall not be permissible for a member to occupy concurrently the office of the Chairman and any executive position in the Company. The Chairman shall have all the powers set forth under Article 12 of the Company's Bylaws, including the power to represent the Company in its relationship with third parties and before all government entities, companies, individuals, all courts of all levels and classes. Under the Corporate Governance Regulations, the main responsibilities of the Chairman of the Board of Directors shall include the following:

- ensuring that the Board Members obtain complete, clear, accurate and non-misleading information in due course;
- ensuring that the Board effectively discusses all fundamental issues in due course;
- encouraging the Board Members to effectively perform their duties in order to achieve the interests of the Company;
- ensuring that there are actual communication channels with shareholders and conveying their opinions to the Board;
- encouraging constructive relationships and effective participation between the Board and the Executive Management on the one hand, and the Executive, Non-Executive and Independent Directors on the other hand, and creating a culture that encourages constructive criticism;
- preparing agendas of the Board meetings, taking into consideration any matters raised by Board Members or the external auditor and consult with the Board Members and the Chief Executive Officer upon preparing the Board's agenda; and
- convening periodic meetings with the Non-Executive Directors without the presence of any Executive Directors.

C. Vice-Chairman

In the absence of the Chairman, the Vice-Chairman shall assume the duties of the Chairman of the Board of Directors and shall have the powers delegated thereto in writing by the Chairman.

D. Board Secretary

Pursuant to Article 12 of the Company's Bylaws, the Board of Directors shall appoint a Secretary selected from among its members or from others, and shall determine his duties, powers and remuneration in the appointment resolution. The Secretary may be dismissed only pursuant to a Board resolution.

The responsibilities of the Board Secretary include the following:

- Ensuring that the Board Members comply with the procedures approved by the Board;
- Documenting the Board meetings and preparing minutes therefor, which shall include the discussions and deliberations taking place during such meetings, as well as the place, date, and times on which such meetings commenced and concluded; recording the decisions of the Board and voting results and retaining them in a special and organized register and including the names of the attendees and any reservations they expressed, if any. Such minutes shall be signed by the Chairman of the meeting, all of the attending members and the Secretary;
- Retaining the reports submitted to the Board and the reports prepared thereby;
- Notifying the Board Members of the dates of the Board's meetings within sufficient time prior to the date specified for the meeting;
- Presenting the draft minutes to the Board Members to provide their opinions thereon before signing the same;
- Regulating the disclosure register of the Board and Executive Management;
- Providing the Board Members with the agenda of the Board meeting and related worksheets, documents and information as well as any additional documents and information related to the topics included in the agenda items, as requested by any Board Member;
- Coordinating among the Board Members;
- Providing Board Members with assistance and advice; and
- Ensuring that the Board Members receive, fully and promptly, a copy of the minutes of the Board's meetings as well as the information and documents related to the Company.

E. Managing Director

The Managing Director (if appointed) shall be vested with the powers determined by the Board of Directors, and shall carry out the operations as directed by the Board of Directors.

5.1.3 Remuneration of the Members of the Board of Directors

Members of the Board of Directors shall receive their remuneration in accordance with the provisions of the Company's Bylaws and the Company's Corporate Governance Manual, in a manner that does not conflict with the statutory controls issued in this regard. The remuneration of Board Members is set out in the remuneration policy approved as part of the General Assembly's approval of the Corporate Governance Manual on 20/10/1446H (corresponding to 18/04/2025G).

5.1.4 Biographies of the Members and Secretary of the Board

Overview of the experiences, qualifications, and current and previous positions of each member of the Board of Directors and the Secretary of the Board.

5.1.4.1 Dr. Abdullah Suleiman Muhammad AlJuraish

Name	Dr. Abdullah Suleiman Muhammad AlJuraish
Age	38 years
Nationality	Saudi
Current Position	Chairman of the Board of Directors
Appointment Date	02/03/2025G
Status	Non-Executive
Independency	Independent
Academic Qualifications	- PhD in Systems Department from the Islamic University of Madinah, Saudi Arabia, 2018G. - Master's in Commercial Law from Dar Al Uloom University (DAU), Saudi Arabia, 2014G. - Bachelor of Systems from King Saud University, Saudi Arabia, 2009G.
Current Executive Positions	N/A
Previous Executive Positions	Chief Executive Officer, from 2023G to 2024G, at Saudi Advanced Industries Company, a public joint stock company engaging in the field of industry.
Other Current Memberships	- Board Member, since 2024G, at Al Sayegh Contracting Company, a closed joint stock company engaging in the field of contracting. - Board Member, since 2024G, at Al Babbain Power and Telecommunication, a public joint stock company engaging in the field of energy and telecommunications projects. - Member of the Investment Committee, since 2024G, at Academy of Learning Company, a listed joint stock company engaging in the field of education and training. - Member of the Investment Committee, since 2024G, at The Canadian General Medical Center Complex Company, a listed joint stock company engaging in the field of health care. - Member of the Investment Committee, since 2024G, at Al Babbain Power and Telecommunication, a public joint stock company engaging in the field of energy and telecommunications projects. - Member of the Investment Committee, since 2024G, at Al Sayegh Contracting Company, a closed joint stock company engaging in the field of contracting. - Chairman of the Audit Committee, since 2024G, at Al Sayegh Contracting Company, a closed joint stock company engaging in the field of contracting. - Member of the Nomination Committee, since 2024G, at Al Sayegh Contracting Company, a closed joint stock company engaging in the field of contracting. - Member of the Risk Committee, since 2023G, at Masar AlNumou Finance Company, a closed joint stock company engaging in the field of real estate finance. - Board Member, since 2022G, at Saudi Advanced Industries Company, a public joint stock company engaging in the field of industry. - Chairman, since 2013G, at Qawafil Al Aqilat Trading Company, a closed joint stock company engaging in the field of retail.

Other Previous Memberships	- Member of the Risk Committee from 2023G to 2025G, at Masar AlNumou Finance Company, a closed joint stock company engaging in the field of real estate finance. - Chairman of the Investment Committee from 2023G to 2025G, at Saudi Advanced Industries Company, a public joint stock company engaging in the field of industry. - Board Member from 2023G to 2024G, at Alsalam Aerospace Industries Company, a closed joint stock company engaging in the field of manufacturing aviation and aerospace components. - Managing Director from 2023G to 2024G, at Saudi Advanced Industries Company, a public joint stock company engaging in the field of industry.

Source: the Company

5.1.4.2 Awaadh Awadh Eid AlOtaibi

Name	Awaadh Awadh Eid AlOtaibi
Age	46 years
Nationality	Saudi
Current Position	Vice Chairman of the Board of Directors and Chairman of the Nomination and Remuneration Committee
Status	Non-Executive
Independency	Independent
Appointment Date	02/03/2025G as Vice Chairman of the Board of Directors and 17/03/2025G as Chairman of the Nomination and Remuneration Committee
Academic Qualifications	- Masters of Science in Manufacturing-Engineering and Management of Manufacturing Systems from Cranfield University, United Kingdom, 2007G. - Bachelor of Chemical Engineering from King Fahd University of Petroleum and Minerals, Saudi Arabia, 2003G.
Current Executive Positions	Chief Executive Officer, since 2018G, at Miahona Company, a public joint stock company engaging in the field of water services.
Previous Executive Positions	- Vice President of the Commercial Affairs and Privatization, from 2017G to 2018G, at the National Water Company, a closed joint stock company engaging in the field of water services. - Head of Commercial Affairs, from 2017G to 2017G at Ministry of Environment, Water and Agriculture of Saudi Arabia, a Saudi government entity engaging in the field of supervision of environmental, water and agricultural affairs in the Kingdom of Saudi Arabia. - CEO, from 2016G to 2017G, at ADDAR Chemicals Company, a limited liability company engaging in the field of downstream industries. - Vice President, from 2016G to 2017G, at the Global Company for Downstream Industries (GDI), a limited liability company engaging in the field of specialized chemicals. - Business Development Manager, from 2014G to 2016G, at Miahona Company, a public joint stock company engaging in the field of water services. - Business Development Manager, from 2011G to 2014G, at Vision Invest, a closed joint stock company entity engaging in the field of investment. - Technical Advisor, from 2004G to 2011G, at the Saudi Industrial Development Fund, a public financial institution engaging in the field of industrial investments.

Other Current Memberships	- Chairman, since 2024G, at Al Haer Environmental Services Company, a limited liability company, engaging in the field of water supply. - Chairman, since 2023G, at Sustainable Water Company for Environmental Services, a limited liability company engaging in the field of water supply. - Chairman, since 2022G, at Araha Environmental Services Company, a limited liability company engaging in the field of construction of sewage plants and projects. - Chairman, since 2022G, at International Water Partners-2 ("IWP II"), a limited liability company engaging in the field of construction and repair of plants. - Chairman, since 2021G, at IWP, a limited liability company engaging in the field of construction and repair of plants. - Chairman, since 2020G, at RWPC, a limited liability company engaging in the field of water plants. - Chairman, since 2020G, at ICDOC, a limited liability company engaging in the field of water plants. - Chairman, since 2020G, at JECO, a limited liability company engaging in the field of water plants. - Member of the Executive Committee, since 2020G, at Miahona Company, a public joint stock company engaging in the field of water cycle management.
Other Previous Memberships	- Vice Chairman, from 2023G to 2025G, at Dar AlBalad Commercial Company, a closed joint stock company engaging in the field of commerce and investment. - Director, from 2015G to 2016G, at the Global Company for Chemical Industries, a limited liability company entity engaging in the field of chemicals. - Director, from 2013G to 2016G, at ADDAR Chemicals Company, a limited liability company entity engaging in the field of downstream industries.

Source: the Company

5.1.4.3 Abdullah Ibrahim Abdullah Bin Salamah

Name	Abdullah Ibrahim Bin Salamah
Age	33 years
Nationality	Saudi
Current Position	Member of the Board of Directors and Member of the Nomination and Remuneration Committee
Status	Non-Executive
Independency	Non-Independent
Appointment Date	02/03/2025G as a Member of the Board of Directors and 17/03/2025G as a Member of the Nomination and Remuneration Committee
Academic Qualifications	Bachelor of Science in Industrial and Systems Engineering, from King Fahd University of Petroleum and Minerals, Saudi Arabia, 2016G.
Current Executive Positions	Senior Consultant, since 2021G at Deloitte, in Saudi Arabia, a professional limited liability company engaging the field of professional consulting.
Previous Executive Positions	Senior Project Engineer, from 2017G to 2021G, at GDC Company, a closed joint stock company, engaged in the field of aviation engineering.
Other Current Memberships	Audit Committee Member, since 2023G, at Dar AlBalad Commercial Company, a closed joint stock company engaging in the field of commerce and investment.
Other Previous Memberships	Board Member, from 2022G to 2023G, of GSC Solutions (formerly Global Specialty Chemicals Company), a limited liability company engaging in the field of industrial services.

Source: the Company

5.1.4.4 Abdulaziz Ibrahim Abdullah Bin Salamah

Name	Abdulaziz Ibrahim Bin Salamah
Age	38 years
Nationality	Saudi
Current Position	Managing Director
Status	Executive
Independency	Non-Independent
Appointment Date	02/03/2025G
Academic Qualifications	Bachelor of Mechanical Engineering from Prince Mohammed Bin Fahad University, Saudi Arabia, 2014G.
Current Executive Positions	Head, Planning and Control, since 2023G, at Dar AlBalad Contracting and Operation Company, a limited liability company engaging in the field of operation and maintenance.
Previous Executive Positions	- Intelligent Equipment Engineer, from 2020G to 2023G, at SABIC, a listed joint stock company engaging in the field of petrochemicals. - Mechanical Engineer, from 2015G to 2020G, at SABIC, a listed joint stock company engaging in the field of petrochemicals.
Other Current Memberships	- Board Member, since 2024, at Dar AlBalad Contracting and Operation Company, a limited liability company engaging in the field of operation and maintenance. - Board Member, since 2024G, at the Saudi Tunisian Electrical & Gas, a limited liability company engaging in the field of energy and gas services. - Board Member, since 2024G, at Diesel Equipment Company, a limited liability company engaging in the field of energy services. - Board Member, since 2021G, at Dar AlBalad Commercial Company, a closed joint stock company engaging in the field of commerce and investment.
Other Previous Memberships	Board Member, from 2024G to 2025G, at GSC Solutions (formerly Global Specialty Chemicals Company), a limited liability company engaging in the field of industrial services.

Source: the Company

5.1.4.5 Abdullah Abdulaziz Nasser AlZunaidi

Name	Abdullah Abdulaziz Nasser AlZunaidi
Age	56 years
Nationality	Saudi
Current Position	Member of the Board of Directors and Member of the Audit Committee
Status	Non-Executive
Independency	Independent
Appointment Date	02/03/2025G as a Member of the Board of Directors and 17/03/2025G as a Member of the Audit Committee
Academic Qualifications	- MBA Global Management from Thunderbird Management School, USA, 2016G. - Bachelor of Chemical Engineering from King Fahd University of Petroleum and Minerals, Saudi Arabia, 1993G.
Current Executive Positions	CEO, since 2025G, at Saudi Chemical Holding Company, a public joint stock company engaging in the field of medical materials and civil and military explosives.

Previous Executive Positions	- Chief Executive Officer of the Explosives Sector, from 2021G to 2025G, at Saudi Chemical Holding Company, a public joint stock company engaging in the field of medical materials and civil and military explosives. - Chief Executive Officer, from 2017G to 2021G, at SABIC (Africa), a public joint stock company registered in the Republic of Egypt, engaging in the field of production and manufacturing of petrochemicals. - Global Business Director, from 2010G to 2017G, at SABIC, a listed joint stock company engaging in the field of production and manufacturing of petrochemicals. - Plant Manager, from 2002G to 2009G, at SABIC, a listed joint stock company engaging in the field of production and manufacturing of petrochemicals.
Other Current Memberships	Board Member, since 2023G, at Al Jouf Cement Company, a listed joint stock company engaging in the field of cement production.
Other Previous Memberships	- Executive Committee member, from 2023G to 2025G, at Al Jouf Cement Company, a listed joint stock company engaging in the field of cement production. - Audit Committee member, from 2023G to 2025G, at Al Jouf Cement Company, a listed joint stock company engaging in the field of cement production. - Board Member, from 2023G to 2025G, at Dar AlBalad Commercial Company, a closed joint stock company engaging in the field of commerce and investment. - Board Member, from 2021G to 2025G, at Methanol Chemicals Company (Chemanol), a listed joint stock company engaging in the field of petrochemicals production. - Chairman of marketing committee, from 2021G to 2024G, at Methanol Chemicals Company (Chemanol), a listed joint stock company engaging in the field of production and manufacturing of petrochemicals. - Board Member, from 2017G to 2021G, at SABIC Africa office, a public joint stock company engaging in the field of production and manufacturing of petrochemicals.

Source: the Company

5.1.4.6 Ali bin Abdelghafar bin Ali Emara

Name	Ali Abdelghafar Ali Emara
Age	58 years
Nationality	Egyptian
Current Position	Board Secretary and Chief Financial Officer
Appointment Date	02/03/2025G as Secretary of the Board of Directors and 01/01/2012G as Chief Financial Officer
Academic Qualifications	- Master's of Accounting from Al-Azhar University, Egypt, 1998G. - Postgraduate diplomas of Cost Accounting from Al-Azhar University, Egypt, 1996G. - Bachelor of Commerce and Business Administration from Helwan University, Egypt, 1989G.
Current Executive Positions	Chief Financial Officer, since 2012G, at Dar AlBalad Commercial Company, a closed joint stock company engaging in the field of commerce and investment.
Previous Executive Positions	- Finance Manager, from 2000G to 2011G, at Ujra Holding Company, a closed joint stock company engaging in the field of importing and selling vehicles. - Deputy Head for Financial and Administrative Affairs, from 2000G to 2011G, at Ujra Holding Company, a closed joint stock company engaging in the field of importing and selling vehicles. - Chief Financial Officer, from 2000G to 2011G, at Discovery Motors Company, a limited liability company engaging in the field of automotive sales. - Accounts Controller (Chairman of the Audit Group), from 1990G to 2000G, at Accountability State Authority, an Egyptian governmental authority, engaging in the field of financial control, legal control, and performance evaluation.
Other Current Memberships	Secretary of the Board, since 2021G, at Dar AlBalad Commercial Company, a closed joint stock company engaging in the field of commerce and investment.

Other Previous Memberships

- Board Member, from 2000G to 2011G, at Ujra Holding Company, a closed joint stock company engaging in the field of importing and selling vehicles.
- Board Member, from 2000G to 2011G, at Toll Gulf Company, a limited liability company engaging in the field of road transportation.
- Board Member, from 2000G to 2011G, Al Farousia Supply of Security & Safety Systems Company, a limited liability company engaging in the field of security equipment.

Source: the Company

5.2 Board Committees

The Company has several committees formed as per the Company's needs and circumstances to allow the Board of Directors to perform its duties effectively. The Company committees are formed according to general procedures set by the Board of Directors, which include defining each Committee's mission and term. These Committees comprise the Nomination and Remuneration Committee and the Audit Committee.

The Charter of the Nomination and Remuneration Committee and the Charter of the Audit Committee were approved by the General Assembly on 20/10/1446H (corresponding to 18/04/2025G), to be in line with the Corporate Governance Regulations.

The term of both the Nomination and Remuneration Committee and the Audit Committee starts from 02/09/1446H (corresponding to 02/03/2025G) and ends on 16/10/1450H (corresponding to 01/03/2029G).

The following is a summary of the structure, responsibilities, and current members of each Company Committee:

5.2.1 Nomination and Remuneration Committee

The primary task of the Nomination and Remuneration Committee is to define policies and procedures related to the nomination of Board members, its subcommittees, and executive team members, as well as policies and procedures related to remuneration. The approved Charter of the Nomination and Remuneration Committee includes the Committee's work regulations, rules for selecting its members, their membership duration, and their remunerations. The scope of the Committee's work includes all tasks that enable it to achieve its objectives, including:

- Supervising and recommending to the Board of Directors the nomination for Board membership according to the approved policies and standards, ensuring that taking into account that nomination shall not include any person convicted of a crime involving moral turpitude dishonesty.
- Annually reviewing the required skills for Board membership and preparing a description of the capabilities and qualifications required for Board membership, including the time that a member should allocate to Board activities.
- Reviewing the structure of the Board and Executive Management and making recommendations regarding potential changes.
- Identifying the strengths and weaknesses of the Board and recommending remedy solutions that serve the Company's interests.
- Annually ensuring the independence of Independent Directors and the absence of any conflicts of interest if a Board member also acts as a member of the Board of directors of another company or has activities similar to those of the Company;
- Proposing a clear policy for the remunerations of Board members, subcommittees, and Senior Executives, presenting such policy to the Board for consideration before approval by the General Assembly, disclosing it, and ensuring its implementation, while considering performance-related standards when setting these policies.
- Periodically reviewing the remuneration policy and evaluating its effectiveness in achieving its objectives.
- Recommending to the Board the remunerations of Board members, subcommittees, and Senior Executives according to the approved policy.
- Clarifying the relation between the paid remunerations and the adopted remuneration policy, and highlighting any material deviation from that policy.
- Preparing a description of the capabilities and qualifications required for membership of the Board and Executive Management positions;
- Developing job descriptions for executive members, non-executive members, independent members, and Senior Executives.

- Setting procedures to be followed if the position of a member of the Board or a Senior Executive becomes vacant
- Supervising the Company's remuneration and incentive plans, procedures, and practices, including Executive Management remuneration plans and incentive bonuses, and preparing an annual report detailing the Executive Management's compensations during the year to be included in the annual report.
- Identifying the strengths and weaknesses of the Board and recommending remedy solutions that serve the Company's interests.

The Nomination and Remuneration Committee shall consist of at least three (3) members and at most five (5) members appointed by the Company's Board of Directors, subject to the conditions to be met by the Members of the Nomination and Remuneration Committee. The Committee's membership starts with the beginning of the Board's term and ends with the end of such member's term in the Board.

Subject to the conditions to be met by the Members of the Nomination and Remuneration Committee, the Board of Directors shall appoint members of the Nomination and Remuneration Committee for a period not exceeding the term of the Board of Directors. The Board of Directors shall take the necessary measures to enable the Committee to carry out the tasks entrusted thereto, including granting the Committee access to, without any restrictions, all data, information, reports, records, correspondences, or other matters that the Committee deems important to have access to.

The following members were appointed to the Nomination and Remuneration Committee by a Board resolution dated 17/09/1446H (corresponding to 17/03/2025G).

Table (5.3): Nomination and Remuneration Committee Members

No.	Name	Position	Title
1	Awaadh Awadh Eid AlOtaibi	Chairman of the Committee	Independent Board Member
2	Mohammed bin Abdullah bin Mahmoud Dakhakhni	Member	Non-Board Member
3	Abdullah Abdulaziz Bin Salamah	Member	Non-Executive Board Member

Source: the Company

Below is a brief overview of the members of the Nominations and Remuneration Committee:

5.2.1.1 Awaadh Awadh Eid AlOtaibi.

Please refer to Section 5.1.4.2 ("Awaadh Awadh Eid AlOtaibi") for further details regarding the experience, and current and previous positions of Awaadh Awadh Eid AlOtaibi.

5.2.1.2 Mohammed Abdullah Mahmoud Dakhakhni

Name	Mohammed Abdullah Mahmoud Dakhakhni
Age	39 years
Nationality	Saudi
Current Position	Member of the Nomination and Remuneration Committee and GM of Shared Services
Appointment Date	17/03/2025G as a Member of the Nomination and Remuneration Committee and 21/05/2014G as GM of Shared Services
Academic Qualifications	Bachelor's degree from Winthrop University, South Carolina, USA, 2013G.
Current Executive Positions	• General Manager, since 2024G, at Direct Energy Company, a limited liability company with mixed capital engaging in the field of retailing and manufacturing. • General Manager of Shared Services Resources, since 2020G, at the Company. • General Manager of Human Resources and Administration, since 2020G, at Global Company for Downstream Industries (GDI), a limited liability company engaging in the field of petrochemicals. • General Manager of Human Resources and Administration, since 2020G, at Diesel Equipment Company, a limited liability company with mixed capital, engaging in the field of energy.
Previous Executive Positions	N/A

Other Current Memberships	N/A
Other Previous Memberships	Member of the Nomination and Remuneration Committee, from 2023G to 2025G, at Dar AlBalad Commercial Company, a closed joint stock company engaging in the field of commerce and investment.

Source: the Company

5.2.1.3 Abdullah Abdulaziz Bin Salamah

Kindly refer to Section 5.1.4.3 ("**Abdullah Abdulaziz Bin Salamah**") for more details regarding Abdullah Abdulaziz Bin Salamah's experience and current and previous positions.

5.2.2 Audit Committee

Ensuring that an effective internal control system is in place is one of the responsibilities entrusted to the Board of Directors. Moreover, the Audit Committee prepares recommendations for the Board of Directors in order to activate and develop the system to achieve the Company's objectives, as well as safeguard the interests of Shareholders and investors with high efficiency and at a reasonable cost. The Committee is also responsible for approving risk management policies and procedures and reviewing the annual risk report and risk mitigation plans before presenting the same to the Board of Directors. The Committee is responsible for ensuring compliance with the corporate governance rules and practices issued by CMA and the Company's Corporate Governance Manual. The amended Charter of the Audit Committee was approved by the General Assembly resolution on 20/10/1446H (corresponding to 18/04/2025G). The said Charter includes the Committee's operating controls and procedures, the rules for selecting its members, their membership term, and their remuneration. The scope of the Committee's work shall include all actions that enable it to fulfil its functions, including:

- **Financial Reports:**

- Examining the Company's interim and annual financial statements before presenting them to the Board and providing its opinion and recommendations thereon to ensure their integrity, fairness and transparency.
- Providing a technical opinion, at the request of the Board of Directors, regarding whether the Board of Directors' report and the Company's financial statements are fair, balanced, and understandable and contain information that allows Shareholders and investors to assess the Company's financial position, performance, business model, and strategy.
- Examining any important or unusual issues contained in the financial reports.
- Meticulously investigating any issues raised by the Company's CFO or any person assuming their duties or the Company's compliance officer or the Auditor.
- Examining the accounting estimates in respect of material issues contained in the financial reports.
- Examining the accounting policies followed by the Company and providing an opinion and recommendation to the Board of Directors thereon.

- **Internal Audit:**

- Examining and reviewing the Company's internal, financial, and risk management systems.
- Examining the Internal Audit reports and pursuing the implementation of the corrective measures in respect of the notes included therein.
- Monitoring and overseeing the performance and activities of the Internal Auditor and the Company's Internal Audit Department, to ensure the availability of the necessary resources and their effectiveness in performing the assigned tasks and duties.
- Recommending to the Board of Directors the appointment of the head of the Internal Audit Department, and proposing the remuneration thereof.
- Overseeing the Internal Audit activities and reviewing its charter, scope, efficiency, independence, objectivity, performance, and work plan. Reviewing with the Internal Auditor the results of the Internal Audit efforts on a quarterly basis, or as deemed necessary, and peruse interim and annual Internal Audit reports.
- Examining the summary of all Internal Audit reports, including management replies and the exceptions noted and pursuing the implementation of corrective measures in respect of the comments included in the Internal Audit report.
- The Audit Committee shall have the final authority to review and approve the annual audit plan and all major changes thereto.

- **Auditor:**

- Providing recommendations to the Board to nominate auditors, dismiss them, determine their remunerations, and assess their performance after verifying their independence and reviewing the scope of their work and the terms of their contracts.
- Verifying the independence of the Auditor, its objectivity, fairness, and effectiveness of the audit activities, taking into account the relevant rules and standards.
- Reviewing the plan of the Company's Auditor and its activities, and ensuring that it does not provide any technical, administrative or consulting works that are beyond its scope of work nor offers its insight thereon.
- Responding to queries of the Company's Auditor.
- Reviewing the Auditor's reports and its comments on the financial statements, and following up the procedures taken in connection therewith.

- **Ensuring Compliance:**

- Reviewing the findings of the supervisory authorities' reports and ensuring that the Company has taken the necessary measures in that regard.
- Verifying that the Company complies with the relevant laws, regulations, policies and instructions.
- Reviewing the contracts and transactions which are recommended to be concluded between the Company and Related Parties, and presenting comments thereon to the Board of Directors.
- Reporting to the Board any issues it deems necessary to take action thereon, and providing recommendations as to the procedures that should be taken.

- **Risk Management:**

- Overseeing and enhancing the risk management framework adopted by the Company.
- Identifying and monitoring the key risks faced by the Company, assessing the management of such risks, and aligning risk management activities with the Company's general objectives and policies.
- Ensuring that risks are taken within acceptable limits, taking into consideration the Company's business objectives, size, workload, ratios, and its short-term and long-term outlook.
- Adopting and maintaining written policies and procedures to identify, measure, monitor and control all major risks associated with the Company's operations and objectives.
- Adopting risk management policies and procedures that define the proper stages for approving decisions, as well as other risk management controls, budgets, and restrictions, as well as establishing requirements for risk reporting at the administrative level.
- Receiving the findings of the annual study conducted by the internal Auditor regarding the implementation of the Company's risk management policies and procedures and presenting recommendations for changes, if any issues are revealed in connection with management deficiencies or problematic methodologies used for measuring such risks.
- Providing administrative oversight of all prudential reviews, following up on any administrative procedures required within the relevant areas of business, and ensuring that there is room for a more comprehensive and broader analysis of future risks, taking into account trends.
- Conducting a critical assessment of the Company's business strategies and plans from a risk perspective.
- Examining risk assessment and management policies, including the main financial risks faced by the Company and the measures taken by the Company's management to monitor and control these risks.
- Periodically reviewing key risk assessment activities.
- Examining legal claims against the Company.
- Reviewing the Company's business continuity plan.

- **IT Systems Oversight:**

- In cooperation with the management, external auditors, and internal Auditor, the Committee shall consider and review the following:
 - The effectiveness or weaknesses of the Company's IT system controls and security.
 - Any significant relevant findings and recommendations submitted by the external auditors and the Internal Audit Department, as well as management's responses thereto. This includes considering the timeline for implementing recommendations to address identified weaknesses in controls and security systems, including any significant risks related to key controls.
 - The status and adequacy of management IT systems and other information technologies.
- Coordinating audit efforts with the internal Auditor and external auditors to ensure that the audit covers key system controls and risk areas related to IT controls.

The Audit Committee shall consist of at least three (3) members and at most five (5) members appointed by the Company's Board of Directors, from outside the executive Board Members, regardless of whether they are Shareholders or not. It shall include at least one independent member and a member specialized in financial and accounting affairs. The General Assembly shall issue a resolution appointing said members, as well as specifying the Committee Chairman, its duties, and members' remuneration. The term of membership in the Committee shall be the same as the term of membership in the Board of Directors. The Board shall take the necessary measures to enable the Committee to carry out its functions, including granting the Committee unrestricted access to all data, information, reports, records, correspondences or other matters that the Committee deems important to have access to.

The following members were appointed to the Audit Committee pursuant to a Board resolution on 17/09/1446H (corresponding to 17/03/2025G), such that the Audit Committee's term begins on 02/03/2025G and ends on 16/10/1450H (corresponding to 01/03/2029G).

Table (5.4): Members of the Audit Committee

No.	Name	Position	Title
1	Abdullah Fahd Abdullah Al-Tuwaim	Chairman of the Committee	Non-Board Member
2	Badr Ibrahim Abdullah Bin Salamah	Member	Non-Board Member
3	Abdullah Abdulaziz Nasser AlZunaidi	Member	Independent Board member

Source: the Company

The following is a brief overview of the members of the Audit Committee:

5.2.2.1 Abdullah Fahd Abdullah Al-Tuwaim

Name	Abdullah Fahd Abdullah Al-Tuwaim
Age	40 years
Nationality	Saudi
Current Position	Chairman of the Audit Committee
Appointment Date	17/03/2025G
Academic Qualifications	- Master in Accounting from the University of Huddersfield, UK, 2011G. - Bachelor of Accounting from King Saud University, KSA, 2008G.
Current Executive Positions	Head of the Internal Audit Department, since 2019G, at the National Unified Procurement Company (NUPCO), a closed joint stock company engaging in the field of supply chains.
Previous Executive Positions	- Internal Audit Supervisor, from 2015G to 2019G, at Tatweer Education Holding Company, a closed joint stock company engaging in the field of education. - Internal Auditor, from 2013G to 2015G, at the National Water Company, a closed joint stock company engaging in the field of services. - External Auditor, from 2008G to 2013G, at Ernst & Young Company, a closed joint stock company engaging in the field of Consulting Services.
Other Current Memberships	- Chairman of the Audit Committee, since 2024G, at Qudra Communications and Information Technology Company, a mixed closed joint stock company engaging in the field of communications and technology. - Member of the Nomination and Remuneration Committee, since 2024G, at Qudra Communications and Information Technology Company, a mixed closed joint stock company engaging in the field of communications and technology. - Board Member, since 2024G, at Asrar Al Taqa Sports Company, a closed joint stock company engaging in the field of entertainment and sports. - Board Member, since 2023G, at Qudra Communications and Information Technology Company, a mixed closed joint stock company engaging in the field of communications and technology. - Member of the Audit Committee, since 2022G, Saudi Electronic University, a Saudi public university engaging in the field of government.
Other Previous Memberships	N/A

Source: the Company

5.2.2.2 Badr Ibrahim Abdullah Bin Salamah

Name	Badr Ibrahim Abdullah Bin Salamah
Age	41 years
Nationality	Saudi
Current Position	Audit Committee Member
Appointment Date	17/03/2025G
Academic Qualifications	- Master in Systems, Control and Mechatronics from Chalmers University of Technology, Sweden, 2011G. - Bachelor of Electrical Engineering from King Fahd University of Petroleum and Minerals, KSA, 2008G.
Current Executive Positions	N/A
Previous Executive Positions	- Project Manager, from 2013G to 2021G, at King Abdulaziz City for Science and Technology (KACST), a governmental scientific institution engaging in the field of science and technology. - Electrical Engineer, from 2012G to 2013G, at Diesel Equipment Company, a limited liability company with Gulf capital engaging in the field of spare parts and equipment. - Control and Automation Systems Design Engineer, from 2011G to 2012G, at ABB, a limited liability company engaging in the field of electricity. - Researcher, from 2011G to 2011G, at Volvo Cars Sweden, a limited liability company engaging in the automotive field.
Other Current Memberships	Member of the Audit Committee, since 2023G, at Dar AlBalad Commercial Company, a closed joint stock company engaging in the field of commerce and investment.
Other Previous Memberships	N/A

Source: the Company

5.2.2.3 Abdullah Abdulaziz Nasser AlZunaidi

Kindly refer to Section 5.1.4.5 ("Abdullah Abdulaziz Nasser AlZunaidi") for more details regarding Abdullah Abdulaziz Nasser AlZunaidi's experience and current and previous positions.

5.3 Senior Management

The Senior Management team is comprised of qualified Saudi and non-Saudi members with significant local and international expertise in the field of Information Technology and Business Managed Services. The primary responsibility of the Chief Executive Officer is to manage the Company's business and supervise its performance in line with the objectives and guidance of the Board of Directors and Shareholders.

The Executive Management team of the Company currently consists of seven (7) members, as set out in the table below:

Table (5.5): Senior Management Details

No	Name	Position	Date of Appointment to Current Position	Nationality	Age	Number of Shares held Pre-Offering	Number of Shares Post-Offering	Indirect Ownership Ratio Pre-Offering	Indirect Ownership Ratio Post-Offering
1	Georges Ghajar	CEO	30/01/2017G	Lebanese	53 years	None	None	None	None
2	Mohammed bin Abdullah bin Mahmoud Dakhakhni	GM of Shared Services	21/05/2014G	Saudi	38 years	None	None	None	None
3	Omar Mohammed Shawqi Abaza	GM of Projects and Applications	07/09/2025G	Egyptian	28 years	None	None	None	None

No	Name	Position	Date of Appointment to Current Position	Nationality	Age	Number of Shares held Pre-Offering	Number of Shares Post-Offering	Indirect Ownership Ratio Pre-Offering	Indirect Ownership Ratio Post-Offering
4	Ali Abdelghafar Ali Emara	Chief Financial Officer	01/01/2012G	Egyptian	58 years	None	None	None	None
5	Abdulaziz Hassan Salem AlHamed	GM of Strategy	06/03/2025G	Yemeni	32 years	None	None	None	None
6	Ibrahim Abdulrahman Mansour AlJarboa	GM of Legal Affairs	04/12/2010G	Saudi	50 years	None	None	None	None
7	Abdulaziz Ibrahim Abdullah Bin Salamah*	Managing Director	02/09/1446H (corresponding to 02/03/2025G)	Saudi	38 years	None	None	15.87%	10.66%

* Mr. Abdulaziz Ibrahim Abdullah Bin Salamah has an indirect ownership of 15.87% prior to the Offering, as a result of a direct ownership of 16.5% in Dar AlBalad Commercial Company, which in turn owns 96% of the Issuer's Shares pre-Offering.

Source: the Company

5.3.1 Biographies of Senior Executives

The following is a brief overview of the experiences, academic qualifications, as well as current and previous positions of each Member of Senior Management:

5.3.1.1 Georges Ghajar

Name	Georges Ghajar
Age	53 years
Nationality	Lebanese
Current Position	Chief Executive Officer
Appointment Date	30/01/2017G
Academic Qualifications	Bachelor of Science in Computer Science from the State University of New York, USA, 1996G.
Current Executive Positions	N/A
Previous Executive Positions	- Pre-Sales Manager for Big Data and Managed Services, from 2011G to 2016G, at Atos Company in Saudi Arabia, a closed joint stock company engaging in the field of business and technology consulting. - Technical Project and Managed Services Manager, from 1999G to 2010G, at Atos Company in Lebanon, Cyprus and Syria, a closed joint stock company engaging in the field of business and technology consulting.
Other Current Memberships	N/A
Other Previous Memberships	- Certified Project Management Professional, from 2008G to 2024G, at the Project Management Institute (PMI), a Saudi non-profit professional organization engaging in the field of project management. - Member, from 1994G to 2000G, of the Institute of Electrical and Electronics Engineers (IEEE) in the USA, a limited liability company engaging in the field of promoting the development and application of electrical technology.

Source: the Company

5.3.1.2 Mohammed Abdullah Mahmoud Dakhakhni

Please refer to Section 5.2.1.2 ("Mohammed Abdullah Dakhakhni") for further details regarding the experience, and current and previous positions of Mohammed Abdullah Dakhakhni.

5.3.1.3 Omar Mohammed Shawqi Abaza

Name	Omar Mohammed Shawqi Abaza
Age	28 years
Nationality	Egyptian
Current Position	GM of Projects and Applications
Appointment Date	07/09/2025G
Academic Qualifications	Bachelor of Computers and Information (Department of software engineering) from Kafrelsheikh University, Egypt, 2019G.
Current Executive Positions	N/A
Previous Executive Positions	Senior Product Manager, from 2024G to 2025G, at the Arabian Information Technology Co. (ARCOM), a closed joint stock company engaging in the field of IT.
Other Current Memberships	N/A
Other Previous Memberships	N/A

Source: the Company

5.3.1.4 Ali Abdelghafar Ali Emara

Please refer to Section 5.1.4.6 ("Ali Abdelghafar Ali Emara") for further details regarding the experience, and current and previous positions of Ali Abdelghafar Ali Emara.

5.3.1.5 Abdulaziz Hassan Salem AlHamed

Name	Abdulaziz Hassan Salem AlHamed
Age	32 years
Nationality	Yemeni
Current Position	GM of Strategy
Appointment Date	06/03/2025G
Academic Qualifications	- Bachelor of Chemical Engineering from King Saud University (KSU), KSA, 2016G. - MBA from King Saud University, KSA, 2021G.
Current Executive Positions	N/A
Previous Positions	- Strategy and Business Development Manager, from 2021G to 2025G, at Global Company for Downstream Industries (GDI) in the KSA, a limited liability company engaging in the field of investments. - Business Development Manager, from 2023G to 2025G, at Madarat Al Thara in the KSA, a limited liability company engaging in the field of project development. - Senior Business Developer, from 2018G to 2020G, at Global Company for Downstream Industries (GDI) in the KSA, a limited liability company engaging in the field of investments. - Business Development Engineer, from 2016G to 2018G, at Global Company for Downstream Industries (GDI) in the KSA, a limited liability company engaging in the field of investments.
Other Current Memberships	N/A
Other Previous Memberships	Board Secretary, from 2023G to 2025G, at Madarat Al Thara, a limited liability company engaging in the field of project development.

Source: the Company

5.3.1.6 Ibrahim Abdulrahman Mansour AlJarboa

Name	Ibrahim Abdulrahman Mansour AlJarboa
Age	50 years
Nationality	Saudi
Current Position	GM of Legal Affairs
Appointment Date	04/12/2010G
Academic Qualifications	Bachelor of Business Administration (majoring in Law) from Prince Sattam Bin Abdulaziz University, KSA, 2020G.
Current Executive Positions	N/A
Previous Positions	- Legal and Administrative Affairs Manager, from 2020G to 2025G, at Dar AlBalad Contracting and Operation Company, a limited liability company engaging in the field of maintenance. - Legal Affairs and Government Relations Supervisor, from 2016G to 2020G, at Dar AlBalad Contracting and Operation Company, a limited liability company engaging in the field of maintenance.
Other Current Memberships	N/A
Other Previous Memberships	N/A

Source: the Company

5.3.1.7 Abdulaziz Ibrahim Abdullah Bin Salamah

Please refer to Section 5.1.4.4 ("**Abdulaziz Ibrahim Abdullah Bin Salamah**") for further details regarding the experience, and current and previous positions of Abdulaziz Ibrahim Abdullah Bin Salamah.

5.3.2 Employment Contracts with the Board Members and Senior Executives

5.3.2.1 Employment Contracts with Board Members

The Managing Director, Mr. Abdulaziz Ibrahim Bin Salamah, was appointed under an employment contract dated 02/11/1446H (corresponding to 02/03/2025G). The other Board Members were appointed by virtue of the resolutions of the General Assembly issued on the dates shown in Section 5.1.4 ("**Biographies of the Members and Secretary of the Board**"). For more details, please refer to Section 5.4 ("**Remuneration of Board Members and Senior Executives**") in this Section.

5.3.2.2 Employment Contracts with Senior Executives

The Company concluded employment contracts with all the Senior Management members of the Company. These contracts stipulate their salaries and bonuses according to their qualifications and experience, and include a number of benefits such as a monthly transportation allowance, housing allowance, or both. These contracts are renewable and subject to the Saudi Labor Law.

The table below briefly describes the employment contracts concluded with the Senior Executives.

Table (5.6): Summary of Employment Contracts with the Company's Senior Management Members

SN	Name	Title	Contract Date	Contract Term and Expiration
1.	Georges Ghajar	CEO	02/03/2023G	One year, ending on 30/01/2026G
2.	Mohammed Abdullah Mahmoud Dakhkhni	GM of Shared Services	14/01/2025G	Indefinite term
3.	Omar Mohammed Shawqi Abaza	GM of Projects and Applications	21/06/2025G	One year, ending on 22/06/2026G

SN	Name	Title	Contract Date	Contract Term and Expiration
4.	Ali Abdelghafar Ali Emara	Chief Financial Officer	13/04/2025G	One year, ending on 12/04/2026G
5.	Abdulaziz Hassan Salem AlHamed	GM of Strategy	26/02/2025G	One year, ending on 05/03/2026G
6.	Ibrahim Abdulrahman Mansour AlJarboa	GM of Legal Affairs	16/03/2025G	Indefinite term
7	Abdulaziz Ibrahim Abdullah Bin Salamah	Managing Director	02/03/2025G	Indefinite term

Source: the Company

5.4 Remuneration of Board Members and Senior Executives

Subject to the Company's Bylaws, remunerations of the Board of Directors shall be determined by the Ordinary General Assembly in accordance with the official decisions and instructions issued by the MOC in this context, and within the provisions of the Companies Law and any other relevant supplementary laws. The attendance and transportation allowances shall be determined by the Board according to the applicable laws, decisions and directions identified by the competent entities in the Kingdom.

Subject to the Company's Bylaws, the remuneration of Board Directors shall be determined in accordance with the Bylaws as well as the provisions of the Companies Law and its implementing regulations. The Board of Directors' report, which is circulated to the Ordinary General Assembly, must include a comprehensive statement of all the remunerations, allowances, and other benefits that the members of the Board of Directors have obtained during the relevant financial year. Additionally, the report must include a statement of what the members of the Board received in their capacity as employees or administrators, or what they received in return for any technical, administrative or consultative work, as well as a statement of the number of Board sessions and the number of sessions attended by each member from the date of the last meeting of the General Assembly.

The table below shows the total remuneration and benefits provided by the Company to Board Members, members of Board committees, and the top five Senior Executives of the Company (including the CEO and CFO).

Table (5.7): Remuneration of Board Members and Senior Executives

SAR	FY22G	FY23G	FY24G
Board Members*	N/A	N/A	N/A
Audit Committee*	N/A	N/A	N/A
Nomination and Remuneration Committee*	N/A	N/A	N/A
Senior Executives	1,032,000	1,153,000	1,400,000

Source: the Company

* Note: The reason for the non-applicability is that the Company was a limited liability company during the referenced periods, and therefore there was no Board of Directors in place to which remuneration was paid. Accordingly, this item does not apply to the Company during those periods.

5.5 Corporate Governance

5.5.1 Overview

The key sources of corporate governance for the Company are the Corporate Governance Regulations issued by the CMA, certain provisions of the Companies Law, and corporate governance best practices in the Kingdom.

The framework under the Corporate Governance Regulations regulates the various relationships between the Board, Executive Directors, Shareholders, and other stakeholders, by establishing rules and procedures to facilitate decision-making processes with the objective of protecting the rights of Shareholders and other stakeholders, as well as promoting the values of credibility, fairness, competitiveness, and transparency in the Company's conduct on the Exchange and in the business environment.

The Corporate Governance Regulations shall apply to the Company from the date of Listing. In all cases, the Company currently abides by the majority of the provisions of the Corporate Governance Regulations and will fully abide by such regulations as at the date of Listing.

5.5.2 Key Corporate Governance Requirements

The key corporate governance requirements that the Company complies with are set out in the Corporate Governance Regulations. These cover the following broad areas:

- General shareholder rights (Articles 4 to 9);
- Rights relating to General Assembly Meetings (Articles 10 to 15);
- Board of Directors: formation, responsibilities, competencies, procedures, and training (Articles 16 to 39);
- Conflicts of interest (Articles 40 to 46);
- Company Committees (Articles 47 to 69); and
- Internal controls, external auditors, Company reports and policies, and various other matters (Articles 70 to 95).

5.5.3 Corporate Governance Manual and Internal Charters

On 20/10/1446H (corresponding to 18/04/2025G), the Company's Ordinary General Assembly approved the Corporate Governance Manual of the Company and its internal regulations, based on the recommendation of the Board of Directors dated 17/09/1446H (corresponding to 17/03/2025G). The Audit Committee Charter was also approved by virtue of the Company's Ordinary General Assembly resolution dated 20/10/1446H (corresponding to 18/04/2025G), based on the recommendation of the Board of Directors dated 17/09/1446H (corresponding to 17/03/2025G), by virtue of Article 51 of the Corporate Governance Regulations. The Nomination and Remuneration Committee Charter was approved by virtue of the Company's Ordinary General Assembly Resolution dated 20/10/1446H (corresponding to 18/04/2025G), based on the recommendation of the Board of Directors on 17/09/1446H (corresponding to 17/03/2025G), by virtue of the provisions of Article 57 of the Corporate Governance Regulations. Below are all the internal governance regulations approved by the Company's Ordinary General Assembly as at the date of this Prospectus:

- Audit Committee Charter
- Nomination and Remuneration Committee Charter
- Delegation of Powers Policy
- Social Responsibility Policy
- Disclosure and Transparency Policy
- Code of Conduct and Ethics
- Whistleblowing Policy
- Remuneration Policy
- Shareholders Rights Policy
- Conflicts of Interest Policy
- Dividend Distribution Policy
- Risk Management Policy
- Stakeholder Relation Policy
- Board of Directors Regulations (Board of Directors' Guidelines and Operations)
- Board Membership Policy

5.5.4 Corporate Governance Compliance

The members of the Board of Directors declare that the Company is currently complying with the majority of the Corporate Governance Regulations and will fully comply with the Corporate Governance Regulations from the date of Listing.

The Board of Directors currently consists of five (5) members, including three (3) independent Directors. In addition, the Shareholders adopted the cumulative voting method in relation to the appointment of Directors. This method of voting gives each Shareholder voting rights equivalent to the number of Shares he/she holds. Each Shareholder has the right to use all of his/her voting rights for one nominee or to divide his/her voting rights between his/her selected nominees without any duplication of votes. This method increases the chances of the Minority Shareholders to appoint their representatives at the Board by exercising the cumulative votes available thereto in favor of one nominee.

Pursuant to the provisions of the Corporate Governance Regulations, the Board of Directors formed the Audit Committee on 17/09/1446H (corresponding to 17/03/2025G). The Audit Committee consists of two (2) non-executive members and one (1) independent member. The Board of Directors also formed the Nomination and Remuneration Committee on 17/09/1446H (corresponding to 17/03/2025G). The Nomination and Remuneration Committee consists of two (2) non-executive members and one (1) independent member.

As at this date, the internal policy necessary to implement the internal control system has not been fully approved by the Board of Directors. It should be also noted that the current Authority Matrix includes the responsibilities and authorities of Executive Management, by defining the responsibilities and authorities of the CEO and other executives.

In addition, the Company has set procedures for compliance with the conflict of interest and competition provisions (Article 71 of the Companies Law, Article 12 of the Implementing Regulations of the Companies Law and Articles 42 and 44 of the Corporate Governance Regulations).

Pursuant to the Corporate Governance Regulations, each Board Member is prohibited from voting on a decision taken by the Board or the General Assembly with respect to transactions and contracts that are executed for the Company's account, if he/she has a direct or indirect interest in such transactions or contracts. The Companies Law sets out similar requirements to the effect that a Director, without prior authorization from the Ordinary General Assembly, may not have any direct or indirect interest in transactions or contracts made for the account of the Company. The Director also has an obligation to inform the Board of Directors of any personal interest he/she may have in such transactions or contracts and may not participate in voting on resolutions to be adopted in this respect by the Board of Directors or Shareholder Assemblies. The Chairman of the Board of Directors must inform the General Assembly of any transactions and contracts in which any Director has a direct or indirect personal interest and accompany that with a special report from the Company's external auditor.

The Corporate Governance Regulations also provide that if a Board Member wishes to engage in a business that may compete with the Company or any of its activities, he/she must notify the Board of any project that could compete with the Company's business and abstain from voting on the related decision in the Board and General Assembly meetings. The Chairman of the Board must also inform the Ordinary General Assembly of the competing businesses in which the Board Member proposes to be engaged; and the prior authorization of the Company's General Assembly must be obtained for the Board Member to engage in the competing business. The Companies Law sets out similar requirements.

The Company currently complies with the mandatory governance requirements that apply to Saudi public joint stock companies, excluding some provisions mandatory only with respect to listed companies, with which the Company is not currently in compliance as the Company's Shares are not currently listed on the Exchange, as follows:

- a- Paragraph (A) of Article eight (8) relating to the announcement on Tadawul's website about the information of candidates for membership of the Board of Directors upon publishing or inviting for the General Assembly's meeting.
- b- Paragraph (B) of Article eight (8) relating to limiting the voting of the General Assembly to candidates whose information is announced pursuant to Paragraph (A) of Article eight (8).
- c- Paragraph (D) of Article thirteen (13) relating to the publication of the date, time, place and agenda of the General Assembly at least twenty-one (21) days prior to the Assembly date on Tadawul and the Company's websites or through other modern IT means.
- d- Paragraph (C) of Article fourteen (14) relating to the availability of information concerning the items of the General Assembly of Shareholders through Tadawul and the Company's websites, and obtaining information related to the items on the General Assembly's agenda, especially the report of the Board of Directors, the auditor, the financial statements, and the Audit Committee report.
- e- Paragraph (E) of Article fifteen (15) relating to the announcement to the public and notification to CMA and Tadawul of the results of the General Assembly immediately after its conclusion.
- f- Paragraph (D) of Article seventeen (17) relating to notifying CMA of the Directors' names and their membership status and any changes to their membership within five (5) Business Days from the date of the changes.
- g- Paragraphs (A) and (B) of Article fifty-four (54) relating to the Audit Committee convening periodically, provided that at least four meetings are held during the Company's financial year. The Audit Committee shall also periodically meet with the Company's Auditor and Internal Auditor, if any.
- h- Article sixty (60) relating to the Remuneration Committee convening periodically at least once per year and as needed.
- i- Article sixty-four (64) relating to the Nomination Committee convening periodically at least once per year and as needed.
- j- Article sixty-five (65) relating to the publication of the Company's announcement of nomination for Board membership on the Company and Tadawul's websites to invite persons wishing to run for Board membership, provided that the nomination period shall continue for at least a month from the date of the announcement.

5.6 Conflict of Interest

Neither the Company's Bylaws nor any of the Company's internal regulations and policies grant any Board Member or the CEO the power to vote on any contract or proposal in which he/she has a direct or indirect interest, in accordance with Article seventy-one (71) of the Companies Law, which states that a Member of the Board shall not have any direct or indirect interest in the transactions and contracts conducted for the account of the Company, except with the authorization of the Ordinary General Assembly, and in accordance with the controls set forth by the competent authority.

Pursuant to said Article, a Board member must inform the Board of Directors of any personal interest he/she may have in the transactions and contracts made for the account of the Company. In turn, the Board of Directors shall inform the General Assembly, when it convenes, of the transactions and contracts in which any Board member has a personal interest. Such communication shall be accompanied by a special report from the Auditor. Such declaration must be recorded in the minutes of the Board meeting. Moreover, the interested member shall not participate in voting on the resolution to be adopted in this respect.

Based on the foregoing, the Board members should commit to the following:

- Complying with the provisions of Articles twenty-seven (27), seventy-one (71), and seventy-two (72) of the Companies Law, and the provisions of Chapter Six of Part Three of the Corporate Governance Regulations;
- Refraining from voting on General Assembly resolutions pertaining to contracts entered into with the Company in which the Board Member has a direct or indirect interest;
- Avoiding participation in any business that competes with that of the Company, unless such Board member has authorization from the Ordinary General Assembly; and
- All future Related-Party transactions shall be made on an arm's length basis in accordance with the terms of the Related Party Transactions Policy.

5.7 Direct and Indirect Interests of Board Members, Board Secretary, and Executive Management

The Directors declare that there is no conflict of interest for any of the Board members, Executive Management, Board Secretary, Senior Executives, nor any of their Relatives, and that they do not hold direct or indirect interests in the Shares and debt instruments of the Company, or otherwise any interest in another matter that may affect the business of the Company, except as disclosed in Section 5.1.1 ("**Composition of the Board of Directors**") and Section 12.8 ("**Transactions and Contracts with Related Parties**") of this Prospectus. The management of the Company believes that all the Related Party transactions of the Company up to the date of this Prospectus have been conducted on an arm's length basis.

As at the date of this Prospectus, all the Company's transactions and contracts with Related Parties in which the members of the Board of Directors have an interest were approved at the General Assembly meeting held on 20/10/1446H (corresponding to 18/04/2025G), 29/12/1446H (corresponding to 25/06/2025G) and 16/03/1447H (corresponding to 08/09/2025G), in accordance with the requirements of Article 71 of the Companies Law.

Table (5.8): Details of Related Parties' Agreements and Transactions in which a Board Member has an Interest

No.	Related Party	Interested Party	Nature of Relationship	Nature of Transaction	Transaction Value (SAR)				Date of General Assembly's Approval on Contracts and Transactions
					During FY22G	During FY23G	During FY24G	During the Six-Month Period Ended 30 June 2025G ⁽¹⁾	
1	Dar AlBalad Contracting and Operation Company	Board Members Mr. Abdullah Ibrahim Bin Salamah and Mr. Abdulaziz Ibrahim Bin Salamah	Mr. Abdulaziz Ibrahim Bin Salamah is a board member of Dar AlBalad Contracting and Operation Company. Indirect shareholders in Dar AlBalad Contracting and Operation Company through Dar AlBalad Commercial Company.	The Company shall provide managed business services and operational support to the Related Party.	1,286,184	2,367,923	2,233,896	828,000	20/10/1446H (corresponding to 18/04/2025G) and 16/03/1447H (corresponding to 08/09/2025G)
				The Related Party shall provide management consulting services to the Company.	Nil	323,814	300,073	46,000	
				Loans provided by the Company.	Nil	3,491,559	Nil	Nil	
				Loans provided to the Company.	Nil	Nil	42,854,174	Nil	
2	Global Company for Downstream Industries	Board Members Mr. Abdullah Ibrahim Bin Salamah and Mr. Abdulaziz Ibrahim Bin Salamah	Indirect shareholders in Global Company for Downstream Industries through Dar AlBalad Commercial Company.	The Company shall provide managed business services and operational support to the Related Party.	219,921	189,766	730,979	55,200	20/10/1446H (corresponding to 18/04/2025G) and 16/03/1447H (corresponding to 08/09/2025G)
				The Related Party shall provide management consulting services to the Company.	Nil	Nil	Nil	Nil	
				Loans provided by the Company.	Nil	Nil	Nil	Nil	
				Loans provided to the Company.	Nil	Nil	Nil	Nil	



No.	Related Party	Interested Party	Nature of Relationship	Nature of Transaction	Transaction Value (SAR)				Date of General Assembly's Approval on Contracts and Transactions
					During FY22G	During FY23G	During FY24G	During the Six-Month Period Ended 30 June 2025G ⁽¹⁾	
3	Saudi Tunisian Electrical & Gas and Industrial Services Company	Board Members Mr. Abdullah Ibrahim Bin Salamah and Mr. Abdulaziz Ibrahim Bin Salamah	Indirect shareholders in Saudi Tunisian Electrical & Gas and Industrial Services Company through Dar AlBalad Commercial Company.	The Company shall provide managed business services and operational support to the Related Party.	517,328	531,687	431,793	212,223	20/10/1446H (corresponding to 18/04/2025G)
			Mr. Abdulaziz Ibrahim Bin Salamah is a member of the board of managers of Saudi Tunisian Electrical & Gas and Industrial Services Company.	The Related Party shall provide management consulting services to the Company.	Nil	Nil	Nil	Nil	
				Loans provided by the Company.	Nil	Nil	1,000,000	Nil	
				Loans provided to the Company.	Nil	Nil	Nil	Nil	
4	Diesel Equipment Company	Board Members Mr. Abdullah Ibrahim Bin Salamah and Mr. Abdulaziz Ibrahim Bin Salamah	Indirect shareholders in Diesel Equipment Company through Dar AlBalad Commercial Company.	The Company shall provide managed business services and operational support to the Related Party.	106,799	94,958	137,190	58,364	20/10/1446H (corresponding to 18/04/2025G, 29/12/1446H (corresponding to 25/06/2025G) and 16/03/1447H (corresponding to 08/09/2025G)
			Mr. Abdulaziz Ibrahim Bin Salamah is a member of the board of managers of Diesel Equipment Company.	The Related Party shall provide management consulting services to the Company.	14,081	70	105	Nil	
				Loans provided by the Company.	Nil	Nil	Nil	Nil	
				Loans provided to the Company.	Nil	Nil	Nil	Nil	



No.	Related Party	Interested Party	Nature of Relationship	Nature of Transaction	Transaction Value (SAR)				Date of General Assembly's Approval on Contracts and Transactions
					During FY22G	During FY23G	During FY24G	During the Six-Month Period Ended 30 June 2025G ⁽¹⁾	
5	Direct Energy Company	Board Members Mr. Abdullah Ibrahim Bin Salamah and Mr. Abdulaziz Ibrahim Bin Salamah	Indirect shareholders in Direct Energy Company through Dar AlBalad Commercial Company.	The Company shall provide managed business services and operational support to the Related Party.	387,277	355,231	292,917	191,044	20/10/1446H (corresponding to 18/04/2025G) and 16/03/1447H (corresponding to 08/09/2025G)
				The Related Party shall provide management consulting services to the Company.	Nil	Nil	Nil	Nil	
				Loans provided by the Company.	Nil	Nil	Nil	Nil	
				Loans provided to the Company.	Nil	Nil	Nil	Nil	
6	Dar AlArab for Industrial Consultancy	Board Members Mr. Abdullah Ibrahim Bin Salamah and Mr. Abdulaziz Ibrahim Bin Salamah	Dar AlArab for Industrial Consultancy is owned by Mr. Bassam Ibrahim Bin Salamah and is considered a Relative of both Mr. Abdullah Ibrahim Bin Salamah and Mr. Abdulaziz Ibrahim Bin Salamah	The Company shall provide managed business services and operational support to the Related Party.	117,553	5,435	20,443	Nil	20/10/1446H (corresponding to 18/04/2025G), 29/12/1446H (corresponding to 25/06/2025G) and 16/03/1447H (corresponding to 08/09/2025G)
				The Related Party shall provide management consulting services to the Company.	644,496	409,429	309,140	131,605	
				Loans provided by the Company.	Nil	Nil	Nil	Nil	
				Loans provided to the Company.	Nil	Nil	Nil	Nil	

No.	Related Party	Interested Party	Nature of Relationship	Nature of Transaction	Transaction Value (SAR)				Date of General Assembly's Approval on Contracts and Transactions
					During FY22G	During FY23G	During FY24G	During the Six-Month Period Ended 30 June 2025G ⁽¹⁾	
				The Company shall provide managed business services and operational support to the Related Party.	Nil	4,838	199,859	Nil	
7	Dar AlBalad Commercial Company	Board Member Mr. Abdullah Ibrahim Bin Salamah	Indirect shareholder in Dar AlBalad Commercial Company	The Related Party shall provide management consulting services to the Company.	Nil	2,583,642	2,380,251	105,800	16/03/1447H (corresponding to 08/09/2025G)
				Loans provided by the Company.	12,400,000	16,430,000	38,800,000	Nil	
				Loans provided to the Company.	Nil	Nil	Nil	3,200,000 ⁽²⁾	

Source: the Company

(1) On 16/03/1447H (corresponding to 08/09/2025G), the General Assembly approved the Related Party Transactions concluded during the months of July and August 2025G, in which the Board members, Mr. Abdullah Ibrahim Bin Salamah and Mr. Abdulaziz Ibrahim Bin Salamah, have an interest. These transactions are: (i) Transactions between the Company and Dar AlArab for Industrial Consultancy, consisting of administrative services provided by the Company, with an estimated value of SAR 858; (ii) Transactions between the Company and the Saudi Tunisian Electrical & Gas and Industrial Services Company consisting of administrative services provided by the Company, with an estimated value of SAR 106,112; (iii) Transactions between the Company and Diesel Equipment Company, consisting of administrative services provided by the Company, with an estimated value of SAR 23,582; (iv) Transactions between the Company and Global Company for Downstream Industries, consisting of administrative services provided by the Company, with an estimated value of SAR 27,600; (v) Transactions between the Company and Direct Energy Company, consisting of administrative services provided by the Company, with an estimated value of SAR 77,745; (vi) Transactions between the Company and Dar AlBalad Contracting and Operation Company, consisting of administrative services provided by the Company, with an estimated value of SAR 414,000.

(2) On 02/11/1446H (corresponding to 30/04/2025G) and on 07/11/1446H (corresponding to 05/05/2025G), the Company obtained a loan in the amount of SAR 1,200,000 and a loan in the amount of SAR 2,000,000, respectively, from Dar AlBalad Commercial Company on an interest-free basis. The Company fully repaid these loans in the amount of SAR 3,200,000 on 04/01/1447H (corresponding to 30/06/2025G).

The table below summarizes the amounts due from Related Parties as at 31 December 2022G, 2023G, 2024G, and the Six-Month Period Ended 30 June 2025G:

Table (5.9): Amounts Due from Related Parties

SAR thousands	Nature of Relationship	Nature of Transaction	31 December 2022G (Adjusted)	31 December 2023G (Audited)	31 December 2024G (Audited)	Six-Month Period Ended 30 June 2025G
Global Company For Downstream Industries	Associate Company	Operational (Provision of Managed Business Services and operational support to the Related Party)	755.9	945.8	323.3	27.6
ADDAR Chemicals Company	Associate Company	Operational (Provision of Managed Business Services and operational support to the Related Party)	165.7	320.0	170.0	0
Dar AlArab for Industrial Consultancy	Associate Company	Operational (Provision of Managed Business Services and operational support to the Related Party)	62.1	54.7	72.8	0
Global Company for Chemical Industries	Associate Company	Operational (Provision of Managed Business Services and operational support to the Related Party)	335.1	0	39.1	0
Dar AlBalad Commercial Company	Associate Company	Financing (Loan provided by the Company)	16,292.6	614.0	0	0
		Operational (Provision of Managed Business Services and operational support to the Related Party)	0	0	20.0	0
		Offering Expenses	0	0	0	2,985.9
Dar AlBalad Contracting and Operation Company	Associate Company	Operational (Provision of Managed Business Services and operational support to the Related Party)	670.1	0	20.0	0
Diesel Equipment Company	Associate Company	Operational (Provision of Managed Business Services and operational support to the Related Party)	25.0	13.2	1.8	12.8

SAR thousands	Nature of Relationship	Nature of Transaction	31 December 2022G (Adjusted)	31 December 2023G (Audited)	31 December 2024G (Audited)	Six-Month Period Ended 30 June 2025G
Direct Energy Company	Associate Company	Operational (Provision of Managed Business Services and operational support to the Related Party)	78.7	43.8	0.5	41.1
Al Rafeea Chemicals Company	Associate Company	Operational (Provision of Managed Business Services and operational support to the Related Party)	554.2	554.3	0	0
Saudi Tunisian Electrical & Gas	Associate Company	Operational (Provision of Managed Business Services and operational support to the Related Party)	523.6	284.8	0	0
Addar Chem Group Company	Associate Company	Operational (Provision of Managed Business Services and operational support to the Related Party)	164.9	154.9	0	0
Global Thermal Chemical Co.	Associate Company	Operational (Provision of Managed Business Services and operational support to the Related Party)	59.0	109.1	0	0
GSC Solutions (formerly Global Specialty Chemicals Company)	Associate Company	Operational (Provision of Managed Business Services and operational support to the Related Party)	307.6	0	0	0
Fala Agricultural Company	Associate Company	Operational (Provision of Managed Business Services and operational support to the Related Party)	64.0	0	0	0
Abdullah Bin Salamah Real Estate Establishment	Associate Company	Operational (Provision of Managed Business Services and operational support to the Related Party)	9.4	0	0	0

SAR thousands	Nature of Relationship	Nature of Transaction	31 December 2022G (Adjusted)	31 December 2023G (Audited)	31 December 2024G (Audited)	Six-Month Period Ended 30 June 2025G
Najm for Commercial Investment Company	Associate Company	Operational (Provision of Managed Business Services and operational support to the Related Party)	8.9	0	0	0
Bassam Bin Salamah	Associate	Financing	1.3	0	0	0
Total			20,078.1	3,094.5	647.5	3,067.3

Source: Audited financial statements for the years ended 31 December 2023G, 2024G and H1FY25G.

The table below summarizes the amounts due to Related Parties as at 31 December 2022G, 2023G, 2024G, and the Six-Month Period Ended 30 June 2025G:

Table (5.10): Amounts Due to Related Parties

SAR thousands	Nature of Relationship	Nature of Transaction	31 December 2022G (Adjusted)	31 December 2023G (Audited)	31 December 2024G (Audited)	Six-Month Period Ended 30 June 2025G
Dar AlBalad Commercial Company	Associate Company	Operational (Provision of management consulting services by the Related Party to the Company)	0	0	0	120.8
ADDAR Chemicals Company	Associate Company	Operational	0	0	0	0
Dar AlArab for Industrial Consultancy	Associate Company	Operational (Provision of management consulting services by the Related Party to the Company)	0	0	0	297.5
Dar AlBalad Contracting and Operation Company	Associate Company	Operational (Provision of management consulting services by the Related Party to the Company)	0	173.6	0	0
Total			0	173.6	0	418.3

Source: Audited financial statements for the years ended 31 December 2023G, 2024G and H1FY25G.

On 01/07/1446H (corresponding to 01/01/2025G), the Company's Shareholders approved the acquisition agreement for the entire share capital of GSC Solutions (formerly Global Specialty Chemicals Company) from Dar AlBalad Commercial Company, at a book value of SAR 21,839,626 as at 31 December 2024G. The Company recorded such value as additional share capital, in which Board members, Mr. Abdullah Ibrahim Bin Salamah and Mr. Abdulaziz Ibrahim Bin Salamah have an interest.

5.8 Employee Share Scheme

The Extraordinary General Assembly of the Company approved on 20/10/1446H (corresponding to 18/04/2025G) an employee share scheme ("**Employee Share Scheme**") which aims to provide additional incentives to the Group's employees to attract and retain them to achieve the Group's objectives. Under this Scheme, the Company will allocate one million and fifty thousand (1,050,000) shares as Treasury Shares by virtue of the aforementioned Extraordinary General Assembly decision, in conjunction with the offering process, within 12 months from the decision date, to be used in the Company's employee share-scheme.

The Extraordinary General Assembly also authorized the Board of Directors with full powers to establish and define the terms of the Employee Share Scheme, including the grant mechanism and share vesting conditions, as it deems appropriate and in accordance with applicable laws and regulations.

The Selling Shareholder, Dar AlBalad Commercial Company, will transfer, without financial compensation to the Company, one million and fifty thousand (1,050,000) shares (representing 1.5% of the company's share capital) concurrently with the Offering, after completing the Book-building Process and at the final Offer Price, without participating in the Book-building Process, to be retained as treasury shares for the purpose of allocating them to the Company's employees under the Employee Share Program. It should be noted that these shares do not form part of the Offer Shares, and the scheme to grant and vest shares to employees will be implemented after determining the appropriate mechanism following the Listing.

The Company will retain the shares for a period not exceeding ten (10) years from the date of the Extraordinary General Assembly's approval, as a maximum, until they are allocated to eligible employees, and upon the expiry of this period, the Company will follow the procedures and requirements stipulated in the relevant regulations.

Except as mentioned above, the Company does not have any employee share scheme in place preceding the application for registration and offering of the securities subject to this Prospectus. Except as listed in Table 5.2 ("**Members of the Company's Board of Directors**"), none of the Company's employees own shares in the Company as at the date of this Prospectus, and there are no other arrangements that would involve employees in the Company's capital.

5.9 Events of Bankruptcy and Insolvency Involving the Directors

As at the date of this Prospectus, there are no bankruptcy or insolvency events involving the Directors, Senior Management, or the Secretary. There have also been no bankruptcy or insolvency events, within the last five years, of any company in which any of the Directors, Executive Management, or the Secretary held an administrative or supervisory position. For more details, please refer to Section 11 ("**Declarations**") of this Prospectus.



دار البلد لحلول الأعمال
DAR ALBALAD FOR BUSINESS SOLUTIONS



MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS



6. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

6.1 Introduction

This section presents an analytical review of the operational performance and financial position of Dar AlBalad for Business Solutions Company (the “**Company**” or “**DABS**”) during the financial years ended 31 December 2022G, 31 December 2023G and 31 December 2024G as well as the six-month period ended 30 June 2025G (the “**Historical Period**”). This section has been prepared on the basis of the Company's special purpose audited financial statements for the year ended 31 December 2022G, and the audited financial statements for the years ended 31 December 2023G and 31 December 2024G as well as the Company's unaudited consolidated interim financial statements for the six-month period ended 30 June 2025G.

The special purpose financial statements for the year ended 31 December 2022G, and the financial statements for the years ended 31 December 2023G and 31 December 2024G as well as the interim consolidated financial statements for the six-month period ended 30 June 2025G have been prepared by the Company in accordance with the International Financial Reporting Standards (“**IFRS**”) endorsed in the Kingdom of Saudi Arabia and other standards and issuances approved by The Saudi Organization for Chartered and Professional Accountants (“**SOCFA**”). The financial statements for the financial years ended 31 December 2022G, 31 December 2023G and 31 December 2024G have been audited in accordance with the International Standards on Auditing (“**ISA**”) adopted in the Kingdom of Saudi Arabia (“**KSA**”) by Talal Abu-Ghazaleh & Co. (Certified Public Accountants) (“**Talal Abu-Ghazaleh**”). The interim consolidated financial statements for the six-month period ended 30 June 2025G have been reviewed by the Talal Abu-Ghazaleh, as set out in its review report.

Neither Talal Abu-Ghazaleh nor any of its subsidiaries, employees or relatives own any shares or shares of any kind in the Company that may affect their independence, as at the date of issuance of the independent auditor's report on the financial statements. As of the date of this Prospectus, Talal Abu-Ghazaleh has submitted its written consent to indicate in the Prospectus its role as the Company's auditor for the financial years ended 31 December 2022G, 31 December 2023G and 31 December 2024G as well as the six-month period ended 30 June 2025G.

The above-mentioned financial statements are an integral part of this Prospectus and should be read in conjunction with these statements and supplementary explanations, and these financial statements can be found in Section 19 “**Financial Statements and the Auditor's Report**” of this Prospectus.

All amounts in this section have been rounded to the nearest thousand riyals unless otherwise stated, and numbers and percentages are rounded to the nearest decimal. As such, the sum of the numbers may differ from those stated in the tables. All ratios, margins, and annual expenses have been calculated using the rounded figures.

This section might contain forward-looking statements in connection to the Company's future forecasts, based on the management's plans and expectations regarding the Company's growth, results of operations and financial position as well as related risks and uncertainties. The Company's actual results could differ materially from those anticipated as a result of numerous factors, risks and future events, including those discussed in this section or elsewhere, particularly Section 2 “**Risk Factors**” of this Prospectus.

Subsequent to the year ended 31 December 2024G, the Company acquired a majority stake in GSC Solutions (the “**Subsidiary**”). This acquisition had no impact on the Company's financial performance during the financial years ended 31 December 2022G, 31 December 2023G and 31 December 2024G.

Accordingly, the Company has prepared proforma special purpose consolidated financial statements for the years ended 31 December 2022G, 31 December 2023G and 31 December 2024G, including the results of GSC Solutions, which were audited by the Company's auditor (Talal Abu-Ghazaleh) and are presented in Section 6.8 “**Proforma special purpose consolidated financial statements of the Group**” of this Prospectus.

6.2 Key Factors Affecting the Company's Operations

The following is a discussion of the most significant factors that have affected or are expected to affect the Company's financial position and results of operations. These factors are based on the information currently available to the Company and may not represent all the factors that may have an impact on the Company's business.

For more information, refer to Section 2 “**Risk Factors**” of this Prospectus.

6.3 Directors' Declarations on the Financial Statements

The Directors declare that the financial information presented in this section is extracted without material change and is presented consistent with the financial statements of the Company for the financial years ended 31 December 2022G, 2023G, 2024G and the six-month period ended 30 June 2025G, and the accompanying notes, which were prepared by the Company in accordance with IFRS. The above-mentioned statements have been prepared in advance by the Company in accordance with the IFRS as endorsed in the Kingdom and audited by the Company's Auditor, Talal Abu-Ghazaleh & Co. (Certified Public Accountants).

The Directors also declare that the Company has sufficient working capital for the next 12 months following the date of this Prospectus.

The Directors declare that there has been no material change in the financial or business position of the Company during the three financial years immediately preceding the date of filing the application for registration and offering of the securities subject to this Prospectus in addition to the period from the end of the period covered in the independent auditors' report to the date of this Prospectus.

The Directors declare that all material facts related to the Company and its financial performance have been disclosed in this Prospectus and that there is no other information, documents or facts the omission of which would make any statement herein misleading.

The Directors declare that the Company does not have any properties, including contractual financial securities or other assets, the value of which are subject to fluctuations or are difficult to ascertain, which significantly affects the evaluation of the financial position.

The Directors confirm that the Company did not provide any commissions, discounts, brokerage fees or any other non-cash compensation in connection with the issuance or offering of any securities within the three years immediately preceding the date the application for admission and offering of the securities subject to this Prospectus was submitted.

The Directors declare that the Company does not have any loans or other liabilities, whether covered by a personal guarantee or non-personal guarantee or covered by a mortgage, including bank account overdrafts, nor guaranteed liabilities, liabilities under acceptance, acceptance credits or any hire purchase commitments, except as disclosed in Section 12 "**Legal Information**", Section 2 "**Risk Factors**", and Section 6 "**Management Discussion and Analysis of Financial Conditions and Results of Operations**" of this Prospectus

The Directors declare that there is no contemplated material change to the nature of the Company's business.

The Directors declare that the Company's operations have not been discontinued in such a way as to affect or have significantly affected the financial position in the last 12 months.

The Directors declare that, based on information provided by the Shareholders, none of the Company's shares are under option as of the date of this Prospectus.

The Directors declare that the Company has provided comprehensive details in this section of any contingencies and has calculated and recognized a provision for the liabilities set out in Section 6 "**Management Discussion and Analysis of Financial Conditions and Results of Operations**" of this Prospectus.

The Directors declare that the properties of the Company are not subject to any mortgages, rights or encumbrances as of the date of this Prospectus.

The Directors declare that the Company has presented comprehensive details in this section of all fixed assets and investments, including contractual securities and other assets whose value is volatile or difficult to estimate.

The Directors declare that the Company does not hold existing or approved but unissued debt instruments, term loans or secured or unsecured mortgages.

The Directors acknowledge that the Company has no information about any seasonal factors or economic cycles related to its business activity and that may have an impact on the Company's business and financial position.

The Directors acknowledge that the Company has no information about any governmental, economic, financial, monetary or political policies or any other factors that have affected or could materially affect (directly or indirectly) the Company's operations.

The Directors acknowledge that the Company has provided comprehensive details in this section of any potential liabilities, has calculated and recorded a provision for the obligations contained in the management's discussion and analysis of the financial position and results of operations. For more information, see Section 2 "**Risk Factors**" and Section 6 "**Management Discussion and Analysis of Financial Conditions and Results of Operations**" of this Prospectus.

The Directors acknowledge that the Company has not undergone any changes in the capital during the past three years directly before the date of submission of the registration application and offering of securities subject to this Prospectus, except as disclosed in Section 6 "**Management Discussion and Analysis of Financial Conditions and Results of Operations**" of this Prospectus.

The above declarations are made by the Board of Directors in addition to any other declarations expressly set out in this Prospectus.

6.4 Summary of Significant Accounting Policies and Estimates

Basis of preparation

The financial information for the year ended 31 December 2022G has been extracted from the comparative years financial information presented in the Company's audited financial statements for the year ended 31 December 2023G. The financial information for the year ended 31 December 2023G has been extracted from the comparative years financial information presented in the Company's audited financial statements for the year ended 31 December 2024G. The financial information for the year ended 31 December 2024G has been extracted from the financial information presented in the Company's audited financial statements for the year ended 31 December 2024G. The financial information for the six-month periods ended 30 June 2024G and 30 June 2025G has been extracted from the interim consolidated financial statements for the six-month period ended 30 June 2025G.

Dar AlBalad for Maintenance and Operation Company's management prepared special-purpose financial statements for the year ended 31 December 2022G, as part of the requirements for completing the Company's initial public offering (IPO) with the Capital Market Authority, in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs). An unaltered report on these financial statements was issued on 28 April 2023G, and submitted to the Ministry of Commerce, the Zakat, Tax and Customs Authority. The auditor's role was limited to reviewing the transition entries within the framework of the transition from IFRS for SMEs to the International Financial Reporting Standards adopted in the Kingdom of Saudi Arabia.

Use of accounting estimates, judgments and assumptions

Employee benefit obligations

The Company's end-of-service benefits program is classified as a defined benefit program. This program is considered unfunded, and the recognized liability is represented in the statement of financial position and the related end-of-service benefits program is determined by the present value of the benefit obligation determined at the end of the reporting period.

The defined benefit liability is calculated annually by an independent actuary using the planned credit unit method, and actuarial special gains and losses resulting from actuarial assumptions are recorded in the statement of other comprehensive income in the period in which they arise. Previous service costs, current service cost, and net benefits are immediately recognized in the income statement.

Estimated useful lives of property, plant and equipment

The cost of intangible assets and property, plant and equipment are depreciated on a regular basis over the estimated useful life of these assets. The management reviews the useful lives and the method of depreciation on an annual basis to ensure that they reflect the expected benefit obtained, and the useful lives have been determined on the basis of the following factors:

- Expected use of the asset.
- Expected natural corrosion, which depends on operational and environmental factors.
- Legal and similar restrictions on the use of assets.

Management has not determined a residual value for these assets due to their immateriality.

Impairment in the value of receivables

The Company's management reviews receivables periodically in order to assess whether there are impairment losses that should be recorded in the income statement. Management estimates the required provision based on projected cash flows and their timing. These projections are based on the ages of receivables and other factors involving varying degrees of estimation and uncertainty.

Management estimates the collectible amounts of significant receivables on an individual basis. Individual long-outstanding intangible amounts are collectively estimated and charged for a provision based on the length of time they have been due and historical collection ratios.

Estimated Zakat

The Zakat fee on normal activities is the sum of the total Zakat. The calculation of Zakat on the Company necessarily includes a degree of appreciation with respect to certain items that cannot be definitively determined until a decision is reached with the concerned Zakat, Tax and Customs Authority or according to the relevant legal decisions and the final settlement of some of these items may result in profits, losses or cash flows.

Provisions

Provisions are based, depending on their nature, on estimates and evaluations to ascertain whether evidentiary controls have been met, including estimating potential reimbursements. Litigation allocations are based on cost estimation after considering legal advice and other information currently available. Provisions for end-of-service indemnities and departure costs, if any, also include management's judgment in estimating expected outflows for payment of end-of-service benefits, site closures or other departure costs. Provisions for uncertain liabilities, include management's best estimates except cash outflows were likely.

Fair value measurement

Fair value is the price which will be received if an asset is sold, or if any of the liabilities are transferred in regular transactions between market participants on the measurement date under prevailing market conditions, regardless of whether that price is directly marked or estimated using another valuation method.

The fair value measurement assumes that the transaction of asset sale or transfer of liabilities occurs either:

- through the main market of the asset or liability; or
- through the most advantageous market for the asset or liability in the absence of the main market.

The fair value of an asset or liability is measured according to the assumptions used by market participants when pricing an asset or liability assuming that market parties are acting for their best economic benefit.

Unbilled revenue

The use of the percentage of completion method to recognize contract revenues requires further estimates when estimating revenues, costs, profits and amounts for accounting periods. Original estimates may be necessary during the contract period, and these estimates are reviewed when change orders are placed from customers on a regular basis.

Significant accounting policies**Classification of assets and liabilities as current and non-current**

The Company presents assets and liabilities in the statement of financial position as "**current / non-current**". Assets are considered current if:

- When they are expected to be realized or intended to be sold or consumed in the normal operating cycle,
- When they are expected to be realized within twelve months after the reporting period, or
- When they are cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current assets.

Liabilities are current when they are due to be settled within twelve months after the reporting period.

The Company classifies all other liabilities as non-current liabilities.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Property, plant and equipment

Property, plant and equipment are shown at cost less accumulated depreciation and impairment (if any). Depreciation is calculated based on the estimated useful life of the asset according to the straight-line method. At the end of each financial year, the useful life of the assets and the expected salvage value of these assets are reviewed.

Table (6.1): The sold or excluded asset is deleted and depreciated from the accounts on the date of sale or disposal. The useful lives of property, machinery and equipment are estimated according to their main items as follows:

Asset	Depreciation Percentage
Vehicles	25%
Office equipment	25%
Furniture and fixtures	10%

Source: Audited financial statements for the financial years ended 31 December 2024G

At the date of each statement of financial position, indications of a decline in the value of non-current assets are considered. If there are indicators, the recoverable value of that asset is estimated to determine the size of the loss. In cases where the recoverable value of that asset cannot be estimated alone, the Company estimates the recoverable value of the cash-generating unit to which that asset belongs.

In cases where the recoverable amount of the cash-generating asset or unit is estimated at less than its carrying value, then the cost of that cash-generating asset or unit is reduced to its recoverable value, and impairment losses are recognized as expenses in the income statement for the fiscal year in which they occur. If the impairment loss entry is subsequently reversed, then the cost of the cash-generating asset or unit is increased to its adjusted recoverable value, provided that its increased cost is no higher than the original cost that would have been determined had the impairment loss not been recognized in previous years. The reversal of the impairment loss entry is recognized as revenue in the income statement for the financial period in which it occurs.

In cases where the recoverable amount of the cash-generating asset or unit is estimated at less than its carrying value, then the cost of that cash-generating asset or unit is reduced to its recoverable value, and impairment losses are recognized as expenses in the income statement for the fiscal year in which they occur. If the impairment loss entry is subsequently reversed, then the cost of the cash-generating asset or unit is increased to its adjusted recoverable value, provided that its increased cost is no higher than the original cost that would have been determined had the impairment loss not been recognized in previous years. The reversal of the impairment loss entry is recognized as revenue in the income statement for the financial period in which it occurs.

Right-of-use assets and lease liabilities

The Company has recognized assets and liabilities for its operating leases for various types of contracts. Each rental payment is distributed between liabilities and the cost of financing. The cost of financing is charged to profit or loss over the lease period so that a fixed periodic commission rate is achieved on the remaining balance of the obligation for each period. The right to use the asset is amortized over the useful life of the asset and the lease period, whichever is shorter, on a straight-line basis.

The initial measurement of assets and liabilities arising from the lease is carried out on the basis of the present value.

The right-of-use the asset is measured at the cost that includes the following:

- Initial measurement amount for rental liabilities.
- Any rental payments made on or before the contract start date minus any rental incentives received.
- Any initial direct costs, and renovation costs.

Lease liabilities include the following net present value of rental payments

- Fixed payments (including fixed payments in essence) minus any city rental incentives.
- Variable rental payments based on an index or rate.
- Amounts expected to be paid by the lessee under residual value guarantees.
- The price of exercising the call option if the tenant's purchase is reasonably certain of exercising that option, and fines payments for termination of the lease, if the duration of the lease reflects the lessee's exercise of that option.

Lease payments are deducted using the progressive borrowing rate, which represents the price the lessee will pay to borrow the funds necessary to acquire an asset of similar value in a similar economic environment on similar terms and conditions. Payments associated with short-term leases and leases of impaired assets are recognized on a straight-line basis as an expense in the statement of comprehensive income.

Short-term leases are leases with a lease period of 12 months or less.

The terms of the leases are renegotiated on an individual basis and contain a wide range of different terms and conditions. Lease agreements do not impose any undertakings, but leased assets are not used as collateral for borrowing purposes.

Related parties

The Company identifies related parties according to the definition contained in International Standard 24 “**Related Party Disclosures**”. Related party transactions involve the transfer of resources, services or obligations between the Company and related parties regardless of whether a price is charged. The terms and conditions of these transactions are approved by the management.

Revenue Recognition

Under IFRS 15, the terms “customer contract assets” and “customer contract liabilities” are used to describe what was known as accrued revenue and transaction volume deduction. Revenue is measured on the basis of the amount specified in the contract with the customer and excludes amounts collected on behalf of a third party. The Company recognizes revenue when control of the commodity passes, and the service is performed to the customers. The principles in IFRS 15 are applied using the following five steps:

Step one: Determining the contract is done in the following cases:

- Upon approval of the contract and commitment by all parties.
- When determining the rights of each party.
- When defining payment terms.
- When the contract has commercial content.
- When the contract is collectible.

Step two: Determining the performance obligation by identifying all the goods or services agreed upon in the contract and determining whether each agreed good or service will be counted as a separate performance commitment. A good or service is considered distinct and is separated from other obligations in the contract if:

- The customer can benefit from the good or service separately or with other resources readily available to the customer.
- The good or service is defined separately from other goods or services contained in the contract.

Step three: Determine the transaction price, which is the amount that the Company expects in exchange for selling goods or providing agreed services to customers.

Step four: Allocating the transaction price for each performance obligation based on the independent selling price for the services provided to the customer.

Step five: Revenue recognition This is done when the customer controls the commodity or is serviced to him.

- Revenue is recognized upon the fulfillment of performance obligations under the terms of the contract with the customer. This occurs when the obligations are satisfied and control is transferred to the customer, which typically takes place upon delivery of goods or performance of services. Control may be transferred either at a specific point in time or over time. When obligations are fulfilled over time, the company measures progress toward completion using either the input or output method—whichever best reflects the extent of work completed.

Expenses

The expenses incurred by the Company consist of sales costs and general and administrative expenses. Expenses resulting from the Company's efforts related to revenue costs are classified into a separate line item under the name of revenue costs. Administration expenses that are not related to sales are classified as general and administrative expenses. Common expenses are apportioned, if necessary, between general and administrative expenses and the cost of sales on a fixed basis. The accrual principle is applied in charging the financial period with administrative and general expenses.

Zakat provision

Zakat is calculated and recognized in the income statement for each financial period separately in accordance with the regulations of the Zakat, Tax and Customs Authority. The Zakat provision is settled upon receipt of the final Zakat assessment. The differences between the Zakat provision and the final assessment made by the Zakat, Tax and Customs Authority are credited to the income statement account at the time of receipt of the final Zakat assessment.

Value-added taxes ("VAT")

VAT represent the total value of sales subject to VAT (output tax) of the total value of purchases and expenses paid subject to value-added tax (input tax) and a clearing is made between them and then the difference is supplied (paid) to the Zakat, Tax and Customs Authority.

Borrowing costs

The Company recognizes all borrowing costs as an expense in the comprehensive income statement in the period incurred.

Provisions and Contingent Items

Provisions are recognized when there is a current liability (legal or consequential) on the Company arising from past events and is likely to lead to an outflow of resources that include economic benefits that will be required to settle the liability, and the amount of the obligation can be reliably estimated. If the Company expects to be compensated for part or all of any provision, the indemnities are recognized as a separate asset only if the compensation is actually certain. Expenses relating to any provision are shown in the net income statement after any compensation has been deducted. If the impact of the time value of money is material, the provisions are deducted using the current pre-tax rate which reflects, where applicable, the specific risks of the liability. When the discount is used, the increase in the provision due to the passage of time is recognized as a financial cost.

No provision for future operating losses is recognized. Potential assets and potential liabilities are not recognized.

Dividends

Dividends to the Company's partners are recognized as a liability in the Company's financial statements in the financial period that is approved by the owner.

Cash and Cash Equivalents

Cash comprises cash on hand, balances with banks, and cash deposits, as well as highly liquid investments with original maturities of three months or less.

Trade Receivables and Other Receivables

Most sales are made on the basis of customary credit terms and do not bear interest. Where credit terms exceed customary conditions, receivables are measured at amortized cost using the effective interest rate method. At the end of each reporting period, the recorded amounts of trade receivables and other receivables are reviewed to determine whether there is objective evidence that such amounts are not recoverable. In such cases, an impairment loss is recognized immediately in profit or loss.

Trade Payables and Other Payables

Trade payables represent obligations under customary credit terms and do not bear interest. Liabilities that bear interest are subsequently measured at amortized cost using the effective interest rate method.

Financial instruments at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets at cost for trading purposes, financial assets allocated at initial recognition at fair value through profit or loss or financial assets that must be measured at the fair value of each mandatorily. Financial assets are classified as "**acquired for trading purposes**" in case they are acquired for sale or repurchase in the near future. Financial assets listed at fair value through profit or loss in the statement of financial position are recorded at fair value, and net changes in fair value are included in the statement of profit or loss. Financial assets classified at fair value through profit or loss consist of short-term investments in an optional portfolio managed by the Company, acquired primarily for the purpose of selling and buying back in the near term.

For securities traded on regulated financial markets, fair value is determined by reference to the market price traded in the market at the offer price at the close of the business day of the financial reporting date.

For securities that do not have a traded market price, a reasonable estimate of the fair value is made by reference to the net value of the underlying assets of the funds which reflects the fair value of the financial instruments.

Financial instruments

A financial instrument is any contract that results in a financial asset of an entity and a financial obligation or performance of equity to another party.

Financial Assets:

Financial assets include:

- Cash.
- Contractual right to receive cash or a financial asset from another entity.
- Contractual right to replace financial instruments with another entity in the appropriate circumstances of the entity.
- A non-derivative contract where the entity is obligated or may be obligated to receive a variable number of the entity's equity instruments.

Classification and initial recognition

The entity classifies its financial assets into the following categories of measurement:

- Financial assets that are subsequently measured at fair value (either through the income statement, or by other comprehensive income).
- Financial assets measured at amortized cost.

The classification is based on the business model used in the entity to manage financial assets and on the contractual terms of cash flows.

For assets measured at fair value, gains and losses are recorded in either the income statement or other comprehensive income. As for investing in debt instruments, it depends on the business model of this investment. As for investing in equity instruments, it depends on whether the entity has made an irrevocable selection at the time of the initial recognition of accounting for equity instruments at fair value through other comprehensive income. An entity reclassifies debt instruments only when its business model for managing those assets changes.

Upon initial recognition, the entity measures its financial assets (not classified in the fair value category through the income statement) at fair value plus transaction costs directly related to the acquisition of the financial assets. In the case of financial assets classified under the fair value category through the income statement, transaction costs are recorded in the income statement.

Measurement in the subsequent period

Equity Instruments:

- All investments in equity are measured at fair value. If the management of the entity decides to present the fair value gains or losses on equity investments within other comprehensive income, it cannot subsequently reclassify the fair value gains or losses into the income statement. Dividends from these investments continue to be recognized in the income statement as income when the entity's right to receive the payments is established.
- Impairment losses and reversals of impairment losses on equity investments measured at fair value through other comprehensive income are not treated separately from other changes in fair value.
- Changes in the fair value of financial assets measured at fair value through profit or loss are recognized in the income statement as other gains/(losses) in the income statement as appropriate.

Debt Instruments:

The subsequent measurement of debt instruments depends on the entity's business model for managing the assets and the cash flow characteristics of the assets. There are three measurement categories, and the entity classifies debt instruments based on:

- **Amortized Cost:** Financial assets held to collect contractual cash flows, which consist of the investment principal and the interest earned on it, are measured at amortized cost. Gains or losses from debt instruments at amortized cost that are not part of a hedging relationship are recognized in profit or loss when derecognition occurs or in the event of impairment.

Interest income from financial assets is recognized using the effective interest rate method.

- **Fair Value Through Other Comprehensive Income (FVOCI):** Financial assets held to collect contractual cash flows and for sale, where the cash flows consist of the investment principal and the interest earned on it, are measured at fair value through other comprehensive income.

Changes in fair value are recognized through other comprehensive income, except for the recognition of impairment losses, interest income, and foreign exchange gains/losses in the income statement. When financial assets are disposed, the accumulated gains or losses previously recognized in other comprehensive income are reclassified from equity to the income statement and are recognized as other gains or losses. Interest income from financial assets is treated as financial income using the effective interest rate method.

- **Fair Value Through Profit or Loss:** Assets that do not meet the criteria for amortized cost or fair value through other comprehensive income are measured at fair value through profit or loss. Gains or losses resulting from the subsequent measurement of investments in debt instruments at fair value through profit or loss, which are not part of a hedging relationship, are recognized in the income statement as net gains or losses in the period in which they arise. Interest income from these financial assets is recognized as financial interest.

Effective Interest Method

The effective interest method is a method for calculating the amortized cost of a debt instrument and allocating interest income over the relevant period. The effective interest rate is the rate that discounts the future cash payments received over the expected life of the debt instrument, or, if appropriate, over a shorter period to the net carrying amount at initial recognition.

Impairment

The entity assesses expected credit losses on a forward-looking basis for financial assets measured at amortized cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables only, the entity applies the simplified approach permitted under IFRS 9, which requires the recognition of expected credit losses over the lifetime of the receivables from the date of initial recognition.

Financial liabilities are classified:

- A contractual obligation to deliver cash or another financial asset to another entity.
- A contractual obligation to exchange financial instruments with another entity under conditions that are expected to be unfavorable to the entity.
- A non-derivative contract under which the entity is obliged to deliver a variable number of its own equity instruments.

Initial Recognition

Financial liabilities are initially recognized at fair value. The financial liabilities of the entity include trade payables and other payables, as well as long-term loans from the government at below-market interest rates.

Subsequent Measurement

The entity classifies all financial liabilities after initial recognition at amortized cost.

Offsetting Financial Instruments

Offsetting between financial assets and financial liabilities is performed and the net amount is presented in the statement of financial position only when there is a legally enforceable right to set off and when the transactions are settled on a net basis or when the asset and liability are realized and settled simultaneously.

Derecognition of Financial Assets and Liabilities

- The entity derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and all the risks and rewards of ownership of the asset to another party. If the entity does not transfer or retain all the risks and rewards of ownership and continues to control the asset, the entity recognizes its retained interest in the asset and the associated obligation for amounts that may be payable. If the entity retains all the risks and rewards of ownership of the financial assets substantially, the entity continues to recognize the financial assets and recognizes the corresponding liabilities for the cash received.
- When derecognizing a financial asset measured at amortized cost, the difference between the carrying amount of the asset and the consideration received, and receivable is recognized in the income statement. Additionally, when derecognizing an investment in a debt instrument classified as investments measured at fair value through other comprehensive income (FVOCI), the accumulated gains or losses previously recognized in the revaluation reserve are reclassified to profit or loss. When derecognizing an investment in equity instruments for which the Company has chosen initial recognition through measurement at fair value through other comprehensive income (FVOCI), the accumulated gains or losses recognized in the revaluation reserve for investments are not reclassified to profit or loss but are transferred to retained earnings.
- Financial liabilities are derecognized only when they are discharged, canceled, or expire. The difference between the carrying amount of the derecognized financial liabilities and the amounts paid and payable, including any non-cash assets transferred or liabilities incurred, is recognized in the income statement.

Post-employment benefits**Defined Contribution Plan:**

The Company contributes to the retirement and social insurance provisions for its employees in accordance with the Saudi Labor Law and recognizes its share of the fixed contributions to the General Organization for Social Insurance each month as expenses. The Company has no legal or constructive obligation to pay any additional contributions, and its only obligation is to pay the contributions when they become due.

End of Service Benefits Provision:

These benefits represent the end-of-service rewards program for employees. The amounts payable are calculated in accordance with the Saudi Labor Law to compensate employees for their accumulated periods of service. The Company's net obligations regarding unfunded defined benefit plans for employees ('liabilities') are calculated by estimating the amount of future benefits that employees will receive for their services in the current and prior periods, and the benefits are discounted to determine the present value, along with any unrecognized past service costs.

The discount rate used is the market yield on government bonds at the date of the financial statements, which have maturities that approximate the terms of the Company's obligations. The cost of providing benefits under unfunded defined benefit plans for employees is determined using the expected unit credit method to calculate the present value of the Company's obligations.

The obligations of unfunded defined benefit plans for employees consist of the present value of the obligations adjusted for any unrecognized past service costs and any unrecognized actuarial gains/losses. Currently, there are no costs for past services available.

There are no unrecognized remeasurement gains or losses, as all remeasurement gains or losses have been recognized as income or expenses in other comprehensive income during the period in which they arose.

6.5 Summary of Financial Information and Key Performance Indicators of the Company

The financial information and key performance indicators ("KPIs") of the Company set out below should be read together with the audited financial statements for the financial years ended 31 December 2022G, 31 December 2023G, and 31 December 2024G, as well as the Company's unaudited consolidated interim financial statements for the six-month period ended 30 June 2025G, including the notes there to, in the financial statements and the auditors' report in this Prospectus.

6.5.1 Summary of the Company's Financial Information

The following table presents the summary of the financial information of the Company.

Table (6.2): Summary of the Company's financial information

Currency: SAR'000	2022G	2023G	2024G	Variance (2022G- 2023G)	Variance (2023G- 2024G)	Six-month period ended 30 June 2024G	Six-month period ended 30 June 2025G	Variance (Six-month 2024G - Six-month 2025G)
Statement of comprehensive income								
Revenue	157,880.9	195,474.7	243,325.3	23.8%	24.5%	114,620.2	155,754.1	35.9%
Cost of revenue	(126,625.1)	(154,179.5)	(197,641.3)	21.8%	28.2%	(94,983.2)	(124,245.6)	30.8%
Gross profit	31,255.8	41,295.2	45,684.0	32.1%	10.6%	19,637.0	31,508.5	60.5%
General and administrative expenses	(7,941.9)	(6,643.5)	(6,071.7)	(16.3%)	(8.6%)	(2,998.2)	(4,999.9)	66.8%
Selling and distribution expenses	-	-	-	N/A	N/A	-	(818.6)	100.0%
Operating profit	23,313.9	34,651.7	39,612.3	48.6%	14.3%	16,638.8	25,690.0	54.4%
Other income	1,871.1	217.3	394.7	(88.4%)	81.6%	66.6	298.4	348.0%
Investment income	(54.3)	147.3	3,472.0	(371.3%)	2,257.1%	1,619.3	844.7	(47.8%)
Finance costs	(506.2)	(502.6)	(1,011.3)	(0.7%)	101.2%	(228.5)	(138.5)	(39.4%)
Income for the year before estimated Zakat	24,624.5	34,513.7	42,467.7	40.2%	23.0%	18,096.2	26,694.6	47.5%
Estimated Zakat	(1,362.8)	(2,059.5)	(2,859.6)	51.1%	38.8%	(1,002.0)	(1,942.1)	93.8%
Net profit for the year	23,261.7	32,454.2	39,608.1	39.5%	22.0%	17,094.2	24,752.5	44.8%
Other comprehensive income								
Item that will not be reclassified to profit or loss:								
Gains / (losses) remeasurement of long-term employee benefit liabilities	(71.6)	(968.3)	2,646.9	1,252.4%	(373.4%)	-	-	-
Net comprehensive income for the year	23,190.1	31,485.9	42,255.0	35.8%	34.2%	17,094.2	24,752.5	44.8%

Currency: SAR'000	31 Decem- ber 2022G	31 Decem- ber 2023G	31 December 2024G	Variance (2022G- 2023G)	Variance (2023G- 2024G)	30 June 2025G	Variance (31 Decem- ber 2024G- 30 June 2025G)
Summary of the statement of financial position							
Total current assets	64,437.9	88,812.3	117,207.5	37.8%	32.0%	158,852.3	35.5%

Currency: SAR'000	31 Decem- ber 2022G	31 Decem- ber 2023G	31 December 2024G	Variance (2022G- 2023G)	Variance (2023G- 2024G)	30 June 2025G	Variance (31 Decem- ber 2024G- 30 June 2025G)
Total non-current assets	901.3	583.8	12,653.3	(35.2%)	2,067.4%	18,072.1	42.8%
Total assets	65,339.2	89,396.1	129,860.8	36.8%	45.3%	176,924.4	36.2%
Total current liabilities	6,128.8	21,419.6	15,069.5	249.5%	(29.6%)	13,945.3	(7.5%)
Total non-current liabilities	7,727.9	10,558.2	10,118.1	36.6%	(4.2%)	11,713.8	15.8%
Total liabilities	13,856.7	31,977.8	25,187.6	130.8%	(21.2%)	25,659.1	1.9%
Total equity	51,482.5	57,418.3	104,673.2	11.5%	82.3%	151,265.3	44.5%
Total liability and equity	65,339.2	89,396.1	129,860.8	36.8%	45.3%	176,924.4	36.2%

Currency: SAR'000	31 Decem- ber 2022G	31 Decem- ber 2023G	31 December 2024G	Variance (2022G- 2023G)	Variance (2023G- 2024G)	30 June 2024G	30 June 2025G	Variance (Six-month 2024G - Six-month 2025G)
Summary of the statement of cash flows								
Net cash from operating activities	23,484.9	13,546.8	18,668.5	(42.3%)	37.8%	4,530.9	(29,255.6)	(745.7%)
Net cash from / (used in) investing activities	(1,001.1)	(15,271.0)	3,008.9	1,425.4%	(119.7%)	12,152.2	1,746.9	(85.6%)
Net cash used in financing activities	(22,949.9)	(2,187.2)	(4,643.2)	(90.5%)	112.3%	1,407.0	(20.0)	(101.4%)
Cash and cash equivalents at the beginning of the year	11,361.8	10,895.7	6,984.3	(4.1%)	(35.9%)	6,984.3	34,918.0	399.9%
Cash and cash equivalents at the end of the year	10,895.7	6,984.3	24,018.5	(35.9%)	243.9%	25,074.4	7,389.3	(70.5%)
Key Performance Indicators:								
Gross margin	19.8%	21.1%	18.8%	1.3 ppts	(2.4 ppts)	17.1%	20.2%	3.1 ppts
Operating margin	14.8%	17.7%	16.3%	3.0 ppts	(1.4 ppts)	14.5%	16.5%	2.0 ppts
Net profit margin	14.7%	16.6%	16.3%	1.9 ppts	(0.3 ppts)	14.9%	15.9%	1.0 ppts
Current ratio	10.5	4.1	7.8	(60.6%)	87.6%	7.8	11.4	46.2%
Total assets to total liabilities	4.7	2.8	5.2	(40.7%)	84.4%	5.2	6.9	32.7%
Days sales outstanding ("DSO") (days)	57	52	70	(8.8%)	32.8%	73	87	19.2%

Currency: SAR'000	31 Decem- ber 2022G	31 Decem- ber 2023G	31 December 2024G	Variance (2022G- 2023G)	Variance (2023G- 2024G)	30 June 2024G	30 June 2025G	Variance (Six-month 2024G - Six-month 2025G)
Days inventory outstanding ("DIO") (days)	-	-	-	-	-	-	4	100.0%
Days payable outstanding ("DPO") (days)	-	7	2	100.0%	(71.4%)	2	2	-
Cash conversion cycle ("CCC") (days)	57	45	68	(21.0%)	48.9%	71	89	25.4%

Source: Audited financial statements for the financial years ended 31 December 2023G, 31 December 2024G, Unaudited financial statements for the six-month periods ended 30 June 2024G and 30 June 2025G, and Company Information

6.6 Result of Operations of the Company

6.6.1 Statement of Profit and Loss of the Company

The following table presents the Company's statements of profit and loss for the financial years ended 31 December 2022G, 2023G and 2024G and six-month periods ended 30 June 2024G and 30 June 2025G

Table (6.3): Statement of profit and loss for the financial years ended 31 December 2022G, 2023G, 2024G and six-month periods ended 30 June 2024G and 30 June 2025G:

Currency: SAR'000	2022G	2023G	2024G	Variance (2022G- 2023G)	Variance (2023G- 2024G)	Six-month period ended 30 June 2024G	Six-month period ended 30 June 2025G	Variance (Six- month 2024G - Six-month 2025G)
Revenue	157,880.9	195,474.7	243,325.3	23.8%	24.5%	114,620.2	155,754.1	35.9%
Cost of revenue	(126,625.1)	(154,179.5)	(197,641.3)	21.8%	28.2%	(94,983.2)	(124,245.6)	30.8%
Gross profit	31,255.8	41,295.2	45,684.0	32.1%	10.6%	19,637.0	31,508.5	60.5%
General and administrative expenses	(7,941.9)	(6,643.5)	(6,071.7)	(16.3%)	(8.6%)	(2,998.2)	(4,999.9)	66.8%
Selling and distribution expenses	-	-	-	N/A	N/A	-	(818.6)	100.0%
Operating profit	23,313.9	34,651.7	39,612.3	48.6%	14.3%	16,638.8	25,690.0	54.4%
Other income	1,871.1	217.3	394.7	(88.4%)	81.6%	66.6	298.4	348.0%
Investment income	(54.3)	147.3	3,472.0	(371.3%)	2,257.1%	1,619.3	844.7	(47.8%)
Finance costs	(506.2)	(502.6)	(1,011.3)	(0.7%)	101.2%	(228.5)	(138.5)	(39.4%)
Income for the year before estimated Zakat	24,624.5	34,513.7	42,467.7	40.2%	23.0%	18,096.2	26,694.6	47.5%
Estimated Zakat	(1,362.8)	(2,059.5)	(2,859.6)	51.1%	38.8%	(1,002.0)	(1,942.1)	93.8%
Net profit for the year	23,261.7	32,454.2	39,608.1	39.5%	22.0%	17,094.2	24,752.5	44.8%
Key Performance Indicators:								

Currency: SAR'000	2022G	2023G	2024G	Variance (2022G- 2023G)	Variance (2023G- 2024G)	Six-month period ended 30 June 2024G	Six-month period ended 30 June 2025G	Variance (Six-month 2024G - Six-month 2025G)
Gross margin	19.8%	21.1%	18.8%	1.3 ppts	(2.4 ppts)	17.1%	20.2%	3.1 ppts
Operating margin	14.8%	17.7%	16.3%	3.0 ppts	(1.4 ppts)	14.5%	16.5%	2.0 ppts
Net profit margin	14.7%	16.6%	16.3%	1.9 ppts	(0.3 ppts)	14.9%	15.9%	1.0 ppts

Source: Audited financial statements for the financial years ended 31 December 2023G, 31 December 2024G, Unaudited financial statements for the six-month periods ended 30 June 2024G and 30 June 2025G, and Company Information

Table (6.4): Key performance indicators and operational metrics for the financial years ended 31 December 2022G, 2023G, 2024G and six-month periods ended 30 June 2024G and 30 June 2025G:

Key performance indicators	2022G	2023G	2024G	Variance (2022G- 2023G)	Variance (2023G- 2024G)	Six-month period ended 30 June 2024G	Six-month period ended 30 June 2025G	Variance (Six-month 2024G - Six-month 2025G)
Gross margin	19.8%	21.1%	18.8%	1.3 ppts	(2.4 ppts)	17.1%	20.2%	3.1 ppts
Operating margin	14.8%	17.7%	16.3%	3.0 ppts	(1.4 ppts)	14.5%	16.5%	2.0 ppts
Net profit margin	14.7%	16.6%	16.3%	1.9 ppts	(0.3 ppts)	14.9%	15.9%	1.0 ppts
Current ratio	10.5	4.1	7.8	(60.6%)	87.6%	7.8	11.4	46.2%
Total assets to total liabilities	4.7	2.8	5.2	(40.7%)	84.4%	5.2	6.9	32.7%
DSO (days)	57	52	70	(8.8%)	32.8%	73	87	19.2%
DIO (days)	-	-	-	-	-	-	4	100.0%
DPO (days)	-	7	2	100.0%	(71.4%)	2	2	-
CCC (days)	57	45	68	(21.0%)	48.9%	71	89	25.4%
IT Managed Services as a % of revenue	43.9%	40.6%	50.8%	(3.3 ppts)	10.2 ppts	48.9%	46.9%	(2.0 ppts)
IT Consulting Services as a % of revenue	37.5%	42.6%	35.9%	5.1 ppts	(6.7 ppts)	14.2%	11.7%	(2.6 ppts)
Business Managed Services as a % of revenue	18.5%	16.8%	13.3%	(1.8 ppts)	(3.5 ppts)	36.9%	32.4%	(4.5 ppts)
IoT Smart Solution as a % of revenue	0.0%	0.0%	0.0%	0.0 ppts	0.0 ppts	0.0%	0.0%	-
GSC Solutions (Formerly known as Global Specialized Chemicals Company) as a % of revenue	N/A	N/A	N/A	N/A	N/A	0.0%	9.1%	9.1 ppts

Source: Company Information

Revenue

Between 2022G and 2024G, the Company primarily generated revenue from four types of services:

- 1- IT Managed Services, which contributed to, on average, 45.1% to total revenue;
- 2- IT Consulting Services, which contributed, on average, 38.7% to total revenue;
- 3- Business Managed Services, which contributed, on average, 16.2% to total revenue; and
- 4- IoT Smart Solution, which contributed, on average, less than 0.1% to total revenues.

Revenue increased from SAR 157.9 million in 2022G to SAR 195.5 million in 2023G (a 23.8% increase compared to 2022G) mainly driven by the increase in deployment of employees in the (i) Business Managed Services segment by 58 employees (by 46.5% compared to 2022G), (ii) IT Consulting Services segment by 50 employees (by 29.5% compared to 2022G) and (iii) IT Managed Services by 19 employees (by 9.3% compared to 2022G), which was attributed to the increase in demand from existing customers.

Revenue further increased to SAR 243.3 million in 2024G (a 24.5% increase over 2023G) primarily as a result of the increase in average number of employees working on projects in the (i) IT Managed Services segment from 222 employees in 2023G to 328 employees in 2024G and (ii) IT Consulting Services from 221 employees in 2023G to 241 employees in 2024G primarily due to the further increase in demand from existing clients.

During the six-month period ended 30 June 2025G, revenues were generated from the Company's IT Consulting Services, IT Managed Services, Business Managed Services, Industrial Maintenance Services, Industrial Supply sales, and Industrial Reclamation Services.

Revenue increased by SAR 41.1 million in the six-month period ended 30 June 2025G (a 35.9% increase over the six-month period ended 30 June 2024G) mainly driven by an increase in the deployment of employees in the (i) IT Managed Services segment by 74 additional employees which was an increase of 25.2% over the employee headcount in the six-month period ended 30 June 2024G, and (ii) IT Consulting Services segment by 48 additional employees (a 21.0% increase over the six-month period ended 30 June 2024G), primarily due to the increase in demand from existing customers.

Furthermore, the revenue increase in the six-month period ended 30 June 2025G can also be attributed to revenue of SAR 14.1 million generated from GSC Solutions, which was fully acquired by the Company 01 January 2025G. This acquisition was facilitated by the Parent Company, Dar Al Balad Commercial Company, which holds complete ownership of both the Company and GSC Solutions (Formerly known as Global Specialized Chemicals Company).

Cost of revenue

The Company's cost of revenue mainly comprised employees' salaries and wages, external labor salaries, and IT consulting services.

Cost of revenue increased from SAR 126.6 million in 2022G to SAR 154.2 million in 2023G (a 21.8% increase over 2022G) primarily driven by the increase in salaries and wages by SAR 21.1 million as the average number of employees increased from 477 employees in 2022G to 601 employees in 2023G.

In 2024G, cost of revenue further increased to SAR 197.6 million (a 28.2% increase over 2023G) mainly due to the continued increase in salaries and wages by SAR 37.1 million as the average number of employees increased further to 735 employees in 2024G.

There is an increase in cost of revenue by SAR 29.3 million in the six-month period ended 30 June 2025G (an increase of 30.8% over the six-month period ended 30 June 2024G) and it was mainly driven by the increase in salaries and wages by SAR 20.5 million as the average number of deployed employees increased from 722 employees in six-month period ended 30 June 2024G to 855 employees in six-month period ended 30 June 2025G. This was coupled with the increase in consulting and IT support services by SAR 7.1 million primarily related to the inclusion of the cost of services provided by GSC Solutions in six-month period ended 30 June 2025G.

Gross profit

The Company's gross profit increased from SAR 31.3 million in 2022G to SAR 41.3 million in 2023G (a 32.1% increase over 2022G) primarily due to the increase in the gross profit margin of Business Managed Services by 7.3 ppts, and IT Consulting Services by 3.0 ppts, largely driven by employee turnover during 2023G.

Despite the increase in gross profits to SAR 45.7 million in 2024G (a 10.6% increase over 2023G), the gross margin declined from 21.1% in 2023G to 18.8% in 2024G mainly as a result of an increase in overtime charges, which are excluded from the Company's profit margin model, given that the Company does not apply a profit margin on overtime charges. While this increase boosted revenues, it resulted in a lower gross profit margin during the same period.

The aforementioned increase in gross profits in 2024G was driven by the overall increase in revenue in 2024G compared to 2023G.

Gross profit and gross profit margin increased in the six-month period ended 30 June 2025G by SAR 11.9 million and 3.1 ppts, respectively, primarily due to the acquisition of GSC Solutions which had gross profit and gross profit margins of SAR 7.0 million at a margin of 49.4%, which was comparatively higher than the margin of 17.3% generated by DABS standalone. This increase was also driven by the increase in gross profit and gross profit margins of IT Managed Services provided by DABS by SAR 3.3 million and 0.7%, respectively, as the increase in employees deployed were largely non-Saudi employees that generally yield higher profit margins compared to Saudi Nationals.

General and administrative expenses

General and administrative expenses primarily comprised employee costs and withholding and VAT tax charges which accounted for, on average, 56.5%, and 9.6%, respectively of total G&A expenses between 2022G and 2024G.

General and administrative expenses declined from SAR 7.9 million in 2022G to SAR 6.6 million in 2023G (a 16.3% decline compared to 2022G) primarily driven by a SAR 1.1 million (a 63.0% decline compared to 2022G) reduction in expected credit loss expenses, a SAR 0.7 million (a 17.4% decline compared to 2022G) decline in salaries, wages, and related benefits, and a SAR 0.2 million decrease in technical support costs due to the reversal of accruals for AHIC technical support, which were recorded in 2022G and subsequently reversed in 2023G before recording the actual expense incurred.

The decline in salaries, wages and related benefits in 2023G compared to 2022G was attributed to the hiring of lower-salaried employees, noting that the average headcount remained stable at 35 employees between 2022G and 2023G.

This decrease between 2022G and 2023G was partially offset by an increase in VAT and withholding tax by SAR 0.8 million (a 158.8% increase compared to 2022G) primarily due to the increase in the value of services subject to withholding tax, based on the resolution of the Board of Directors of the Zakat, Tax and Customs Authority issued on 26 Dhu al-Qi'dah 1444H and published in the Umm al-Qura Gazette on 5 Dhu al-Hijjah 1444H. The company absorbed the VAT on behalf of some clients until the agreements were amended, which was done before the end of the year. These clients then bore the tax in accordance with the regulations.

General and administrative expenses further declined to SAR 6.1 million in 2024G (an 8.6% decline over 2023G) primarily driven by a SAR 1.1 million (an 84.0% decline compared to 2023G) reduction in withholding tax and VAT expenses, which resulted from a higher proportion of staff and clients assuming the withholding tax obligation, thereby reducing these expenses.

This decrease in 2024G was partially offset by an increase in salaries, wages, and related benefits by SAR 0.5 million (a 15.6% increase compared to 2023G) mainly due to employee turnover in 2024G which resulted in the recruitment and eventual retention of employees with higher monthly salaries.

General and administrative expenses increased by SAR 2.0 million in the six-month period ended 30 June 2025G (an increase of 66.8% over the six-month period ended 30 June 2024G), primarily driven by (i) a SAR 825 thousand increase in expected credit loss expense in relation to receivables from DABS customers aged over one year at 30 June 2025G, (ii) a SAR 533 thousand, SAR 143 thousand, and SAR 42 thousand increase in depreciation expense, inventory adjustments and security guard costs, respectively, related to the inclusion of GSC Solutions in the six-month period ended 30 June 2025G, (iii) a SAR 188 thousand increased in legal and professional fees mainly relating to the Company and GSC Solutions audit fees for the first and second quarter of 2025G, (iv) a SAR 148 thousand increase in withholding tax and value added tax driven by the increase in the number of outsourced employees by 19 between the six-month period ended 30 June 2024G and six-month period ended 30 June 2025G, and (v) a SAR 105 thousand increase in other miscellaneous administrative expenses.

Selling and distribution expenses

Selling and distribution expenses of SAR 819 thousand in the six-month period ended 30 June 2025G were related to GSC Solutions. These mainly comprised S&D staff salaries, wages, and related benefits of SAR 568 thousand, employee benefits obligations of SAR 60 thousand, and transportation costs of SAR 48 thousand.

Other income

In 2024G, other income mainly comprised a subsidy received from the Human Resources Development Fund ("HRDF") amounting to SAR 0.4 million. In addition, DABS generated income from the Al Bilad Capital fund and bank interest.

Other income decreased from SAR 1.9 million in 2022G to SAR 0.2 million in 2023G (an 88.4% decline compared to 2022G) mainly due to the decline in HRDF subsidy by SAR 1.6 million (an 88.1% decline compared to 2022G). This decrease was attributed to fewer new Saudi hires qualifying for the full HRDF subsidy, as many Saudi employees had already utilized part of their eligibility with previous employers. As a result, DABS received only partial subsidies rather than the full, 12-month, funding period subsidy, leading to a significant reduction in HRDF-related income in 2023G.

Other income subsequently increased to SAR 0.4 million in 2024G (an 81.6% increase over 2023G) largely driven by an increase in the funds received from HRDF by SAR 0.2 million (a 75.8% increase compared to 2023G) mainly driven by the increase in the appointment of Saudi employees that were eligible for HRDF subsidies.

The increase in other income by SAR 232 thousand in the six-month period ended 30 June 2025G (a 348.4% increase over six-month period ended 30 June 2024G) was driven by the appointment of 59 Saudi Nationals that were eligible for HRDF subsidies in the six-month period ended 30 June 2025G.

Investment income

Investment income represents the profit from investments measured at fair value through profit or loss in investment portfolios as well as interest earned from Murabaha investments.

Investment income increased from a loss of SAR 54.3 thousand in 2022G to an income of SAR 147.3 thousand in 2023G (a 371.3% increase over 2022G) primarily driven by interest earned from Murabaha with Al Bilad Capital Fund, totaling SAR 459.0 thousand, partially offset by a SAR 257 thousand increase in the losses incurred from the Company's investment portfolio.

Investment income further increased to SAR 3.5 million in 2024G (a 2,257.1% increase over 2023G) driven by an increase in the Company's investment portfolio income by SAR 3.2 million and an increase in income from Al Bilad Capital Fund by SAR 0.1 million.

During the six-month period ended 30 June 2025G, investment income comprised (i) unrealized gains of stocks amounting SAR 571 thousand, (ii) gains on disposal of stocks of SAR 329 thousand, and (iii) income from Albilad Capital Fund of SAR 118 thousand, which decreased compared to the six-month period ended 2024G due to the Company's decision to withdraw funds, which was dependent on its cash availability and working capital.

Finance costs

Financing expenses related to bank charges, actuarial interest, and interest on right of use assets, which contributed, on average, 62.0%, 36.2%, and 1.8%, respectively, to total financing expenses across the Historical Period.

Finance costs remained relatively stable between 2022G and 2023G at SAR 506.2 thousand in 2022G and SAR 502.6 thousand in 2023G before increasing to SAR 1,011.3 thousand in 2024G (a 101.2% increase over 2023G) primarily driven by an increase of SAR 305.2 thousand (by 193.2% compared to 2023G) in actuarial interest and an increase of SAR 208.3 thousand (a 62.1% over 2023G) in bank financial charges.

The increase in bank financial charges in 2024G was attributed to a loan obtained during the year, which was used to invest in investment portfolios and was fully repaid before year-end.

The decrease in financing expenses by SAR 90 thousand in the six-month period ended 30 June 2025G (a decrease of 39.4% over the six-month period ended 30 June 2024G) was driven by the full settlement of outstanding short-term borrowings with SNB (SAR 6.0 million at 30 June 2024G) and SAIB (SAR 5.0 million at 30 June 2024G). This was partially offset by lease interest charges of SAR 9 thousand relating to GSC Solutions.

Estimated Zakat

Estimated Zakat increased year-on-year between 2022G and 2024G (SAR 1.4 million in 2022G, SAR 2.1 million in 2023G and SAR 2.9 million in 2024G) primarily as a result of the increase in the Company's overall equity and adjusted net income.

Zakat provision increased in the six-month period ended 30 June 2025G as compared to the six-month period ended 30 June 2024G primarily due to the increase in profits generated over the same period.

6.6.1.1 Revenue

The following table compares the Company's revenue for the financial years ended 31 December 2022G, 2023G, and 2024G and six-month periods ended 30 June 2024G and 30 June 2025G.

Table (6.5): Revenue for the financial years ended 31 December 2022G, 2023G, 2024G and six-month periods ended 30 June 2024G and 30 June 2025G:

Currency: SAR'000	2022G	2023G	2024G	Variance (2022G- 2023G)	Variance (2023G- 2024G)	Six-month period ended 30 June 2024G	Six-month period ended 30 June 2025G	Variance (Six- month 2024G - Six-month 2025G)
IT Managed Services	69,343.8	79,342.9	123,513.7	14.4%	55.7%	56,057.7	73,010.3	30.2%
IT Consulting Services	59,227.4	83,301.8	87,446.0	40.6%	5.0%	42,254.7	50,467.2	19.4%
Business Managed Services	29,266.8	32,756.8	32,346.0	11.9%	(1.3%)	16,307.8	18,145.7	11.3%
IoT Smart Solution	42.9	73.2	19.6	70.6%	(73.2%)	-	-	-
Industrial Reclamation Services	-	-	-	-	-	-	4,407.4	100.0%
Industrial Supply	-	-	-	-	-	-	2,071.1	100.0%
Industrial Maintenance Services	-	-	-	-	-	-	7,652.4	100.0%
Total revenue	157,880.9	195,474.7	243,325.3	23.8%	24.5%	114,620.2	155,754.1	35.9%
KPIs (as a % of total):								
IT Managed Services	43.9%	40.6%	50.8%	(3.3 ppts)	10.2 ppts	48.9%	46.9%	(2.0 ppts)
IT Consulting Services	37.5%	42.6%	35.9%	5.1 ppts	(6.7 ppts)	36.9%	32.4%	(4.5 ppts)
Business Managed Services	18.5%	16.8%	13.3%	(1.8 ppts)	(3.5 ppts)	14.2%	11.7%	(2.6 ppts)
IoT Smart Solution	0.0%	0.0%	0.0%	0.0 ppts	0.0 ppts	-	-	-
Industrial Reclamation Services	-	-	-	-	-	-	2.8%	2.8 ppts
Industrial Supply	-	-	-	-	-	-	1.3%	1.3 ppts
Industrial Maintenance Services	-	-	-	-	-	-	4.9%	4.9 ppts

Source: Company Information

The Company's revenue mainly comprised revenue generated from IT Managed Services, IT Consulting Services and Business Managed Services which contributed, on average, 46.2%, 37.1% and 14.9%, respectively, to total revenue across the Historical Period.

Total revenue increased from SAR 157.9 million in 2022G to SAR 195.5 million in 2023G driven by increases in revenue from all services (IT Managed Services, IT Consulting Services, Business Managed Services and IoT Smart Solution).

Total revenue further increased to SAR 243.3 million in 2024G primarily driven by an increase in revenue generated from IT Managed Services and IT Consulting Services by SAR 44.2 million and 4.1 million, respectively.

This increase in 2024G was partially offset by a decline in revenue from Business Managed Services and IoT Smart Solution by SAR 410.8 thousand and SAR 53.6 thousand, respectively.

Total revenue increased from SAR 114.6 million in the six-month period ended 30 June 2024G to SAR 155.8 million in the six-month period ended 30 June 2025G as compared to the six-month period ended 30 June 2024G primarily driven by an increase in revenue generated from IT Managed Services and IT Consulting Services by SAR 17.0 million and SAR 8.2 million, respectively, and the increase in the average number of deployed employees from 722 employees in the six-month period ended 30 June 2024G to 855 employees in the six-month period ended 30 June 2025G. This was coupled with the increase due to revenue of GSC Solutions amounting to SAR 14.1 million.

IT Managed Services

IT Managed Services provides clients with IT systems, software, network and infrastructure by monitoring, maintaining, and troubleshooting the IT environment.

The IT Managed Services key customers during the Historical Period included:

- Saudi Bank -1: DABS began providing services to this customer in 2009G and generated revenue of SAR 38.8 million from services provided to the customer in 2024G.
- Listed Insurance Company -1: DABS began providing services to this customer before 2003G and recognized revenue of SAR 23.9 million from services provided to the customer in 2024G.
- Saudi Bank -2: DABS began providing services to this customer in 2005G and generated revenue of SAR 18.0 million from services provided to the customer in 2024G.
- Saudi Digital Bank -1: DABS began providing services to this customer in 2023G and generated revenue of SAR 11.2 million from IT Managed Services provided to the customer in 2024G.
- Government Related Entity -1: DABS began providing services to the customer in 2021G and generated revenue of SAR 9.2 million in 2024G.

The top five customers contributed to 82.0% of the segment's total revenue during 2024G.

IT Managed Services revenue increased from SAR 69.3 million in 2022G to SAR 79.3 million in 2023G (a 14.4% increase compared to 2022G) primarily driven by:

- 1- a positive volume impact of SAR 6.8 million largely driven by the increase in the workforce to 14 technicians (45.6% increase over 2022G) to Saudi Bank -1, which was attributed to increased demand in 2023G. This was coupled with the commencement of work with Government Related Entity -3 in 2023G, where DABS increased the workforce by five new technicians; and
- 2- a positive price impact resulting from the increase in the average monthly revenue per project technician from Listed Insurance Company -1 by SAR 5.2 thousand per month per technician (18.2% over 2022G), and Saudi Bank -6 by SAR 6.2 thousand per month per technician (30.1% over 2022G). These increases were attributed to higher bonuses and overtime charges during 2023G compared to 2022G.

Revenue from IT Managed Services further increased to SAR 123.5 million in 2024G (a 55.7% increase over 2023G) mainly as a result of:

- 1- a SAR 40.2 million positive volume impact mainly driven by the increase in the number of technicians deployed to Saudi Bank -1 by 48 technicians (by 106.4% over 2023G), Saudi Digital Bank -1 by 23 technicians (by 996.4% over 2023G), Government Related Entity -3 by 19 technicians (by 393.6% over 2023G) and Private Company -1 by 14 technician (by 11.0% over 2023G) due to higher customer demand; and
- 2- a favorable price impact of SAR 4.0 million primarily due to an increase in the average monthly revenue per project technician from Listed Insurance Company -1 by SAR 9 thousand per month per technician (25.4% over 2023G) primarily due to higher bonuses and overtime charges in 2024G, and Saudi Digital Bank -1 by SAR 30 thousand per month per technician (490.1% over 2023G) due to the full year impact in 2024G compared to 2023G (as the project commenced in October 2023G).

Revenue from IT Managed Services increased from SAR 56.1 million in the six-month period ended 30 June 2024G to SAR 73.0 million in the six-month period ended 30 June 2025G mainly as a result of:

- 1- A positive price effect of SAR 2.8 million which was primarily driven by the increase in the average monthly revenue per employee from (i) Saudi Digital Bank -1 by SAR 20.3 thousand (by 122.0%), and (ii) Saudi Bank -6 by SAR 3.7 thousand (by 12.3%). These increases were attributed to higher bonuses and overtime charges in the six-month period ended 30 June 2025G, compared to the six-month period ended 30 June 2024G. The bonuses are provided by clients to the DABS-deployed employees based on the work completed and the achievement of project deliverables.

- 2- A positive volume impact of SAR 14.1 million, largely driven by the deployment of 55 additional employees (by 68.8%) to Saudi Bank -1, which was attributed to additional projects undertaken by Saudi Bank -1 in the six-month period ended 30 June 2025G compared to six-month period ended 30 June 2024G. This was coupled with the additional resource requirements from Government Related Entity -4 for 37 new employees.

IT Consulting Services

IT Consulting Services involved providing consulting to clients on the effective use of IT to achieve their business objectives by enabling access to the Company's IT professionals.

The IT Consulting Services key customers during the Historical Period included:

- Listed Software & Services Company -1: DABS commenced offering services to this customer in 2015G and generated revenue of SAR 28.4 million from the customer during 2024G.
- Listed Financial Services Company -1: DABS initiated its IT Consulting services to this customer before 2003G and generated revenue of SAR 13.8 million in 2024G.
- Saudi Bank -3: DABS began providing services to this customer before 2003G and generated revenue of SAR 10.2 million from the customer in 2024G.
- Saudi Digital Bank -2: DABS began providing services to this customer in 2023G and generated revenue of SAR 7.4 million in 2024G.
- Saudi Bank -4: DABS began providing services to this customer before 2003G and generated revenue of SAR 4.3 million from the customer in 2024G.

The top five customers contributed to 73.2% of the segment's total revenue during 2024G.

IT Consulting Services revenue increased from SAR 59.2 million in 2022G to SAR 83.3 million in 2023G (a 40.6% increase compared to 2022G) mainly due to:

- 1- a positive price impact of SAR 5.1 million primarily driven by the increase in average monthly revenue per consultant with International Company -1 by SAR 14 thousand per month per consultant (a 44.7% increase over 2022G), Saudi Bank -4 by SAR 7 thousand per month per consultant (a 26.4% increase over 2022G), Listed Software & Services Company -1 by SAR 4 thousand per month per consultant (a 14.9% increase over 2022G) and Listed Financial Services Company -1 by SAR 2 thousand per month per consultant (an 8.2% increase over 2022G). This was mainly attributed to the deployment of more experienced IT staff with higher monthly charge out rates; and
- 2- a positive volume impact of SAR 19.0 million primarily driven by the increase in average number of consultants deployed to Listed Software & Services Company -1 by 12 consultants (a 21.4% increase over 2023G), Saudi Bank -3 by nine consultants (a 51.5% increase over 2023G) and Listed Financial Services Company -1 by nine consultants (a 36.5% increase over 2023G), which was attributed to an increase in demand from each respective client on their ongoing projects.

Revenue from IT Consulting Services remained relatively stable (a change of 1.3%) between 2023G and 2024G (SAR 87.4 million).

Revenue from IT Consulting Services increased from SAR 42.3 million in the six-month period ended 30 June 2024G to SAR 50.5 million in the six-month period ended 30 June 2025G (an increase of 19.4% over the six-month period ended 30 June 2024G) mainly as a result of a positive volume impact of SAR 8.9 million was largely driven by the deployment of seven additional employees to a Listed Insurance Company -2, and six additional employees to a Saudi Digital Bank -2 which were attributed to an increase in demand for additional resources from each respective client on their ongoing projects in the six-month period ended 30 June 2025G, compared to the six-month period ended 30 June 2024G. This was coupled with the additional resource requirements for new projects to Financial Services Company -10 by seven employees and Government Related Entity -11 by seven employees.

This increase in the six-month period ended 30 June 2025G was partially offset by a negative price impact of SAR 644 thousand due to the decrease in average monthly revenue per employee from a Private Company -7 by SAR 16 thousand (by 37.2%) driven by the additional employee who joined on 15 June 2025G bringing the average number of employees to two (six-month period ended 30 June 2024G was one employee), Saudi Digital Bank -2 by SAR 4 thousand (by 10.6%), and Listed Insurance Company -3 by SAR 4 thousand (by 15.0%), mainly due to the deployment of less skilled employees with lower salaries. This was partially offset by the increase in average monthly revenue per employee from Listed Software & Services Company -1 by SAR 2 thousand (by 5.8%), which was driven by employee turnover, resulting in the retention of more skilled employees that yield a higher average monthly charge out rate.

Business Managed Services

Business Managed Services maintains clients' day-to-day activities and other operations, including logistics, IT, human resources and supply chain.

The Business Managed Services key customers during the Historical Period included:

- Private Company -1: DABS began providing services to this customer in 2019G and generated revenue of SAR 13.6 million in 2024G.
- Government Related Entity -3: DABS began providing services to this customer in 2011G and generated revenue of SAR 5.7 million from the customer in 2024G.
- Saudi Bank -5: DABS began providing services to this customer in 2018G and generated revenue of SAR 4.8 million in 2024G.
- Government Related Entity -5: DABS began providing services to this customer in 2020G and generated revenue of SAR 2.3 million from the customer in 2024G.
- Financial Services Company -2: DABS began providing services to this customer in 2019G and generated revenue of SAR 1.1 million in 2024G.
- Government Related Entity -5: DABS began providing services to this new customer in the six-month period ended 30 June 2025G and generated revenue of SAR 2.8 million.

The top five customers contributed to 87.0% of the segment's total revenue during 2024G.

Revenue from Business Managed Services increased from SAR 29.3 million in 2022G to SAR 32.8 million in 2023G (an 11.9% increase over 2022G) mainly due to the positive volume impact of SAR 10.4 million as a result of the increase in the average number of technicians deployed to the project with Private Company -1 (by 49 technicians) which was attributed to increased demand resulting from the increase in the number of projects undertaken for the customer in 2023G. This was coupled with the commencement of work with Government Related Entity -3 (11 additional technicians deployed) in 2023G.

This increase in 2023G was partially offset by a negative price impact of SAR 6.9 million mainly driven by a decrease in average monthly revenue per technician from Financial Services company -4 by SAR 15 thousand per month per technician (a 35.0% decline over 2022G) and Saudi Bank -5 by SAR 8 thousand per month per technician (a 26.1% decline over 2022G). The decrease in average monthly revenue per technician was attributed to the deployment of supporting technicians, which have lower average monthly charge out rates.

Business Managed Services revenue remained relatively stable between 2023G and 2024G at SAR 32.8 million and SAR 32.3 million, respectively.

Revenue from Business Managed Services increased from SAR 16.3 million in the six-month period ended 30 June 2024G to SAR 18.1 million six-month period ended 30 June 2025G (an increase of 11.3% over six-month period ended 30 June 2024G) mainly as a result of a positive price impact of SAR 1.8 million which was largely driven by the increase in revenue from (i) a new contract with Government Related Entity -5 which generated revenue of SAR 2.8 million in the six-month period ended 30 June 2025G (nil in the six-month period ended 30 June 2024G) (ii) Government Related Entity -3 by SAR 2.8 million in the six-month period ended 30 June 2025G compared to the six-month period ended 30 June 2024G due to employee turnover and retention of skilled employees with higher salaries. This resulted in a positive price impact as the number of employees remained stable at 199 employees. Private Company -1 and other customers' average headcount declined between the six-month period ended 30 June 2024G and the six-month period ended 30 June 2025G mainly due to decrease in the number of projects, offset by an increase in the Government Related Entity -3 and Government Related Entity -5 average headcount due an increase in the number of projects executed for Government Related Entity -3 and a new contract with Government Related Entity -5.

IoT Smart Solution

IoT Smart Solution provides IoT solutions to clients through the procurement, installation and commissioning of IoT equipment.

The Company delivers IT services related to machinery sensors to customers within the IoT Smart Solution segment. This segment was launched in 2022G.

During the Historical Period, the IoT Smart Solution segment had five customers, which generated revenue as follows:

- Private Company -13, which generated SAR 13.8 thousand in 2022G and SAR 73.1 thousand in 2023G, but did not generate revenue from this customer in 2024G;
- Private Company -15, which had revenue of SAR 15.0 thousand in 2022G;
- Private Company -16, which generated revenue of SAR 14.0 thousand in 2022G;

- Private Company -14, which had a revenue of SAR 18.2 thousand in 2024G; and
- Private Company -18, which had a revenue of SAR 1.4 thousand in 2024G.

Revenue generated from IoT Smart Solution remained relatively stable between 2022G and 2024G (SAR 42.9 thousand in 2022G, SAR 73.2 thousand in 2023G and SAR 19.6 thousand in 2024G). No revenue was generated in from IoT Smart Solutions in the six-month period ended 30 June 2025G.

Industrial Maintenance Services, Industrial Supply, and Industrial Reclamation Services

These services provided during the six-month period ended 30 June 2025G were related to the newly acquired subsidiary, GSC Solutions Company (Formerly known as Global Specialized Chemicals Company), which provides industrial solutions and is involved in the reclamation of chemical fluids, as well as the supply of chemicals sourced from third-party suppliers or manufactured internally, and Industrial Maintenance Services.

6.6.1.2 Cost of revenue

The following table compares the Company's cost of revenue ("COR") for the financial years ended 31 December 2022G, 2023G, and 2024G and six-month periods ended 30 June 2024G and 30 June 2025G.

Table (6.6): Cost of revenue for the financial years ended 31 December 2022G, 2023G, 2024G and six-month periods ended 30 June 2024G and 30 June 2025G:

Currency: SAR'000	2022G	2023G	2024G	Variance (2022G- 2023G)	Variance (2023G- 2024G)	Six-month period ended 30 June 2024G	Six-month period ended 30 June 2025G	Variance (Six-month 2024G - Six-month 2025G)
Salaries, wages, and related benefits	105,733.8	126,797.3	163,939.5	19.9%	29.3%	77,943.1	98,489.7	26.4%
External labor salaries	3,185.9	5,054.5	8,726.6	58.7%	72.7%	3,921.6	5,548.7	41.5%
Medical insurance	4,488.6	6,118.5	6,658.0	36.3%	8.8%	3,458.6	3,636.2	5.1%
Social insurance	3,572.2	3,930.0	5,454.5	10.0%	38.8%	2,672.2	3,173.1	18.7%
Consulting and IT support services	3,624.8	4,090.1	5,033.3	12.8%	23.1%	1,984.3	8,016.0	304.0%
Employee benefits obligations	1,723.8	1,966.0	3,253.7	14.1%	65.5%	688.3	800.0	16.2%
Government fees	3,319.7	4,018.8	2,259.9	21.1%	(43.8%)	2,004.2	2,291.0	14.3%
Miscellaneous costs	976.3	2,204.3	2,315.8	125.8%	5.1%	2,310.9	2,290.9	(0.9%)
Total cost of revenue	126,625.1	154,179.5	197,641.3	21.8%	28.2%	94,983.2	124,245.6	30.8%
KPIs (as a % of total revenue):								
Salaries, wages, and related benefits	67.0%	64.9%	67.4%	(2.1 ppts)	2.5 ppts	68.0%	63.2%	(4.8 ppts)
External labor salaries	2.0%	2.6%	3.6%	0.6 ppts	1.0 ppts	3.4%	8.2%	4.7 ppts
Medical insurance	2.8%	3.1%	2.7%	0.3 ppts	(0.4 ppts)	1.7%	0.6%	(1.1 ppts)
Social insurance	2.3%	2.0%	2.2%	(0.3 ppts)	0.2 ppts	3.0%	2.3%	(0.7 ppts)
Consulting and IT support services	2.3%	2.1%	2.1%	(0.2 ppts)	-	2.3%	2.0%	(0.3 ppts)
Employee benefits obligations	1.1%	1.0%	1.3%	(0.1 ppts)	0.3 ppts	1.7%	1.5%	(0.3 ppts)
Government fees	2.1%	2.1%	0.9%	-	(1.1 ppts)	0.6%	0.5%	(0.1 ppts)

Currency: SAR'000	2022G	2023G	2024G	Variance (2022G- 2023G)	Variance (2023G- 2024G)	Six-month period ended 30 June 2024G	Six-month period ended 30 June 2025G	Variance (Six-month 2024G - Six-month 2025G)
Miscellaneous costs	0.6%	1.1%	1.0%	0.5 ppts	(0.2 ppts)	2.0%	1.5%	(0.5 ppts)
Total cost of revenue	80.2%	78.9%	81.2%	(1.3 ppts)	2.4 ppts	82.9%	79.9%	(3.0 ppts)

Source: Audited financial statements for the financial years ended 31 December 2023G, 31 December 2024G, Unaudited financial statements for the six-month periods ended 30 June 2024G and 30 June 2025G, and Company Information

Cost of revenue mainly comprised employees' salaries and wages, external labor salaries, and IT consulting services.

Cost of revenue increased from SAR 126.6 million in 2022G to SAR 154.2 million in 2023G due to an increase in all cost of revenue categories in 2023G compared to 2022G.

In 2024G, cost of revenue further increased to SAR 197.6 million (a 28.2% increase over 2023G) due to the further increase in all cost of revenue categories with the exception of government fees, which declined by SAR 1.8 million as a result of a change in the Company's accounting basis during the year.

Cost of revenue increased from SAR 95.0 million in six-month period ended 30 June 2024G to SAR 124.2 million in six-month period ended 30 June 2025G mainly due to the increase in salaries, wages, and related benefits, and external labor salaries by SAR 22.2 million as the number of deployed employees increased by 133 employees over the same period, as well as the inclusion of the cost of service and maintenance of GSC Solutions (SAR 7.1 million).

Salaries, wages, and related benefits

Salaries, wages and related benefits mainly comprised basic salaries, housing and transportation allowances, overtime, and other miscellaneous employee costs and allowances.

Refer to Section 6.6.1.4 "Employee costs".

External labor salaries

External labor salaries are associated with employees working in the Kingdom on temporary work permit visas. These individuals are deployed on projects at client locations and are contracted from outside the Kingdom based on the specific services and expertise required by the project.

Costs relating to external labor salaries increased from SAR 3.2 million in 2022G to SAR 5.1 million in 2023G (a 58.7% over 2022G) mainly as a result of the increase in average headcount from 20 technician in 2022G to 23 technician in 2023G. The new hires were deployed on the Saudi Bank -1 project and had higher average salaries due to their experience and specialization.

External labor salary costs further increased to SAR 8.7 million in 2024G (a 72.7% increase over 2023G) mainly due to the increase in average headcount to 34 technicians in 2024G in relation to the Government Related Entity -3 expansion project which required additional technicians (as per project requirements).

External labor salaries increased to SAR 5.5 million in six-month period ended 30 June 2025G (a 41.5% increase over six-month period ended 30 June 2024G) due to increase in the number of employees from 30 during the six-month period ended 30 June 2024G to 49 during the six-month period ended 30 June 2025G primarily due to the addition of 10 employees for the new contract with Government Related Entity -4.

Medical insurance

Medical insurance costs related to the Tawuniya medical insurance for all employees under the Company's sponsorship.

Medical insurance costs increased year-on-year between 2022G and 2024G (SAR 4.5 million in 2022G, 6.1 million in 2023G and SAR 6.7 million in 2024G) primarily attributed to the increase in insurance premiums (in 2023G) and the year-on-year increase in average number of Company employees from 497 employees in 2022G to 624 employees in 2023G and further to 735 employees in 2024G.

The increase in medical insurance costs in 2024G was only 8.8% over 2023G (as compared to 36.3% between 2022G and 2023G) as the Company was able to negotiate a lower premium with Tawuniya during 2024G which resulted in a lower increase in medical insurance expenses year-on-year.

The increase in medical insurance to SAR 3.6 million in six-month period ended 30 June 2025G (a 5.1% increase over six-month period ended 30 June 2024G) was primarily driven by increase in number of deployed employees from 722 (including 30 offshore employees) in six-month period ended 30 June 2024G to 855 (including 49 offshore employees) in six-month period ended 30 June 2025G.

Social insurance

Social insurance costs related to payables to the General Organization for Social Insurance ("GOSI") for all employees under the Company's sponsorship. These costs are calculated as 21.5% of basic salary and housing allowance for Saudi Nationals and 2.0% for expats.

Social insurance costs increased year-on-year between 2022G and 2024G (SAR 3.6 million in 2022G, 3.9 million in 2023G and SAR 5.5 million in 2024G) mainly due to the year-on-year increase in Saudi employees and expats year-on-year between 2022G and 2024G.

Social insurance increased to SAR 3.2 million in six-month period ended 30 June 2025G (a 18.7% increase over six-month period ended 30 June 2024G) mainly driven by the increase in number of deployed employees from 692 in six-month period ended 30 June 2024G to 795 in six-month period ended 30 June 2025G.

Consulting and IT support services

Consulting and IT support services mainly related to shared service costs within the group. These shared services are no longer provided to the company after 2024G. In the six-month period ending 30 June 2025G, these costs pertain to the subsidiary's service and maintenance costs.

Consulting and IT support service costs increased from SAR 3.6 million in 2022G to SAR 4.1 million in 2023G (a 12.8% increase compared to 2022G) as a result of the reclassification of certain salaries from salaries, wages, and related benefits to consulting and IT support services. These costs were reclassified in order to present all costs related to employees deployed within salaries, wages, and related benefits.

These costs further increased to SAR 5.0 million in 2024G (a 23.1% increase over 2023G) mainly due to engineering consulting charges paid amounting to SAR 1.3 million related to a new project which commenced during August 2024G. This represents engineering employees requested by the Company's existing client.

The increase in Consulting and IT support services to SAR 8.0 million in six-month period ended 30 June 2025G (a 304.0% increase over six-month period ended 30 June 2024G) was mainly driven by the inclusion of the cost of service and maintenance of GSC Solutions in six-month period ended 30 June 2025G which amounted to SAR 7.1 million. This was partially offset by decrease in (i) supplier -15 by SAR 558 thousand as the contract related to the outsourcing employees for the Saudi Utility Company -1 project expired and the Company allocated internal employees to the project instead of outsourcing manpower, and (ii) shared service costs by SAR 374 thousand as the Company reclassified these costs to salaries and wages in six-month period ended 30 June 2025G, as they were related to the salaries and wages of shared employees from Dar Al Balad Trading Company.

Employee benefits obligations

The Company's employee benefits obligation is accrued in accordance with the Saudi Labor Law and is related to all employees sponsored by the Company within the Kingdom.

The Company's EOSB is prepared by Paragon Actuarial at the Group level (ADDAR Group), after which the respective EOSB results are allocated to each entity within the group.

Costs relating to employee benefit obligations increased year-on-year between 2022G and 2024G (SAR 1.7 million in 2022G, 2.0 million in 2023G and SAR 3.3 million in 2024G) mainly due to the year-on-year increase in the average employee headcount (from 512 employees in 2022G to 636 employees in 2023G and further to 770 employees in 2024G). EOSB does not consider external labor in its calculation.

The increase in charge of employee benefits obligation to SAR 800.0 thousand in six-month period ended 30 June 2025G (a 16.2% increase over the six-month period ended 30 June 2024G) was mainly due to the increase in employee headcount from 692 in six-month period ended 30 June 2024G to 795 in six-month period ended 30 June 2025G, noting that EOSB is not accounted for external labor.

Government fees

Government fees related to new iqama issuance fees, exit re-entry fees, iqama renewal fees, and new visa fees.

Government fees increased from SAR 3.3 million in 2022G to SAR 4.0 million in 2023G (a 21.1% increase compared to 2022G) mainly as a result of the increase in average number of expat employees from 417 employees in 2022G to 464 employees in 2023G.

Government fees subsequently declined to SAR 2.3 million in 2024G (a 43.8% decrease compared to 2023G) as a result of the conversion of accounting from cash basis to accrual basis in 2024G.

Prior to 2024G, the Company was expensing the full amount related to the annual iqama fees during the same year, instead of amortizing over a period of 12 months. During 2024G, the Company switched to the accrual basis, without applying the same accounting treatment for prior years which resulted in a first-year implementation of accrual accounting treatment and as such a lower expense recorded in 2024G as compared to previous years.

The increase in government fees to SAR 2.3 million in six-month period ended 30 June 2025G (a 14.3% increase over six-month period ended 30 June 2024G) was driven by the requirements related to the average number of non-Saudi employees which increasing from 560 in six-month period ended 30 June 2024G to 685 in six-month period ended 30 June 2025G.

Miscellaneous costs

Miscellaneous costs mainly comprised bonuses paid by the Company to the workforce working on projects with some customers.

Miscellaneous costs increased from SAR 1.0 million in 2022G to SAR 2.2 million in 2023G (a 125.8% increase compared to 2022G) mainly due to higher bonuses paid by the Company to the workforce working on projects with some customers.

Miscellaneous costs remained relatively stable between 2023G and 2024G at SAR 2.2 million and SAR 2.3 million, respectively.

Miscellaneous expenses remained relatively stable at SAR 2.3 million in the six-month period ended 30 June 2024G and six-month period ended 30 June 2025G.

6.6.1.3 General and administrative expenses

The following table compares the Company's general and administrative expenses ("G&A") for the financial years ended 31 December 2022G, 2023G, and 2024G and six-month periods ended 30 June 2024G and 30 June 2025G.

Table (6.7): General and administrative expenses for the financial years ended 31 December 2022G, 2023G, 2024G and six-month periods ended 30 June 2024G and 30 June 2025G:

Currency: SAR'000	2022G	2023G	2024G	Variance (2022G- 2023G)	Variance (2023G- 2024G)	Six-month period ended 30 June 2024G	Six-month period ended 30 June 2025G	Variance (Six-month 2024G - Six-month 2025G)
Salaries, wages, and related benefits	4,158.4	3,435.3	3,970.3	(17.4%)	15.6%	2,052.2	1,987.3	(3.2%)
Expected credit loss expense	1,674.6	619.9	306.0	(63.0%)	(50.6%)	153.0	977.6	539.0%
Legal and professional fees	30.0	70.5	237.8	135.0%	237.3%	96.8	284.5	193.9%
Depreciation of right-of-use assets	200.1	276.8	216.9	38.3%	(21.6%)	138.4	49.5	(64.2%)
Withholding tax and VAT	494.1	1,278.7	205.0	158.8%	(84.0%)	91.1	238.9	162.2%
Hotel accommodation	221.4	150.0	201.7	(32.2%)	34.5%	113.2	119.2	5.3%
Depreciation of fixed assets	86.2	115.2	120.2	33.6%	4.3%	63.1	587.0	830.3%
Government fees and subscriptions	86.8	93.8	112.5	8.1%	19.9%	55.2	116.8	111.6%
Telephone, internet, and postage	76.5	78.9	106.2	3.1%	34.6%	44.5	42.4	(4.7%)
Travel and transportation	157.3	59.0	81.0	(62.5%)	37.3%	19.1	60.9	218.8%

Currency: SAR'000	2022G	2023G	2024G	Variance (2022G- 2023G)	Variance (2023G- 2024G)	Six-month period ended 30 June 2024G	Six-month period ended 30 June 2025G	Variance (Six-month 2024G - Six-month 2025G)
Hospitality and hotels	109.0	76.5	76.3	(29.8%)	(0.3%)	93.3	38.3	(58.9%)
Advertising and promotion	21.7	28.2	52.3	30.0%	85.5%	37.5	-	(100.0%)
Maintenance and repairs	22.9	17.2	22.6	(24.9%)	31.4%	7.1	7.4	4.2%
Bank fees	7.2	8.4	20.0	16.7%	138.1%	-	29.1	100.0%
Electricity and repairs	3.4	2.0	4.4	(41.2%)	120.0%	-	-	-
Technical support	229.0	17.5	-	(92.4%)	(100.0%)	-	-	-
Others	363.3	315.6	338.5	(13.1%)	7.3%	33.7	461.0	1,268.0%
Total G&A	7,941.9	6,643.5	6,071.7	(16.3%)	(8.6%)	2,998.2	4,999.9	66.8%

Source: Audited financial statements for the financial years ended 31 December 2023G, 31 December 2024G, Unaudited financial statements for the six-month periods ended 30 June 2024G and 30 June 2025G, and Company Information

General and administrative expenses primarily comprised employee costs and withholding and VAT tax charges which accounted for, on average, 56.5%, and 9.6%, respectively, of total general and administrative expenses during the Historical Period.

G&A expenses decreased from SAR 7.9 million in 2022G to SAR 6.6 million in 2023G (a 16.3% decline compared to 2022G) primarily driven by a decline in salaries, wages and related benefits by SAR 0.7 million (a 17.4% decline compared to 2022G), the expected credit loss expense by SAR 1.1 million (a 63.0% decline compared to 2022G) and technical support expenses by SAR 0.2 million (a 92.4% decline compared to 2022G).

This decline in 2023G was partially offset by an increase in withholding tax and VAT expenses from SAR 0.5 million in 2022G to SAR 1.3 million in 2023G (a 158.8% increase compared to 2022G).

G&A expenses further decreased to SAR 6.1 million in 2024G (an 8.6% decline over 2023G) driven by a decline in withholding tax and VAT expenses by SAR 1.1 million, partially offset by the increase in salaries, wages and related benefits by SAR 0.5 million.

G&A expenses increased to SAR 5.0 million in six-month period ended 30 June 2025G (a 66.8% increase compared to six-month period ended 30 June 2024G) primarily driven by an increase the expected credit loss expense by SAR 824.6 thousand (a 538.9% increase compared to six-month period ended 30 June 2024G) and depreciation of fixed assets by SAR 523.9 thousand (an 830.9% increase compared to six-month period ended 30 June 2024G).

Salaries, wages, and related benefits

During the Historical Period, the Company's employee costs mainly related to its various administrative staff working at the head office.

Refer to Section 6.6.1.4 "Employee costs".

The average headcount for administrative employees remained stable at 35 employees in 2022G, 2023G and 2024G.

Expected credit loss expense

Expected credit loss expenses related to the charges on the provision for impairment of receivables.

Expected credit loss expenses declined from SAR 1.7 million in 2022G to SAR 0.6 million in 2023G (a 63.0% decline over 2022G) was mainly attributed to receivable write-offs during 2023G totaling SAR 1.3 million. These write-offs primarily related to an outstanding balance of SAR 1.0 million that had been overdue for more than one year at 31 December 2022G, as well as other disputed balances that had been outstanding for less than one year.

These write-offs ultimately resulted in a lower expected credit loss expense in 2023G due to the lower aged receivable balance.

Expected credit loss expenses further declined to SAR 0.3 million in 2024G (a 50.6% decrease over 2023G) primarily driven by the overall decrease in the overall expected credit loss rate as a result of an improved historical recovery rate and a lower probability of default.

The increase to SAR 977.6 thousand in six-month period ended 30 June 2025G (a 538.9% increase over the six-month period ended 30 June 2024G) was due to the ECL expense for balances aged over 1 year.

Legal and professional fees

Legal and professional fees largely represented certification fees, legal fees and audit fees.

Legal and professional fees increased from SAR 30.0 thousand in 2022G to SAR 70.5 thousand in 2023G (a 135.0% increase over 2022G) mainly driven by higher fees charged by the new auditor, Talal Abu-Ghazaleh.

In addition, the Company transitioned from IFRS for SMEs to full IFRS in 2023G, and the 2022G financials were restated. This led to higher audit fees and contributed to the overall increase in legal and professional fees during 2023G.

Legal and professional fees further increased to SAR 237.8 thousand in 2024G (a 237.3% increase over 2023G) primarily driven by a rise in audit costs by SAR 126.5 thousand which related the issuance of quarterly financial statements, and the issuance of cybersecurity and International Organization for Standardization ("ISO") certifications amounting to SAR 45.0 thousand.

Legal and professional charges increased to SAR 284.5 thousand in six-month period ended 30 June 2025G (a 194.1% increase over the six-month period ended 30 June 2024G), mainly relating to the consolidated, DABS standalone, and GSC Solutions (Formerly known as Global Specialized Chemicals Company) standalone audit fees for the first and second quarter 2025G amounting SAR 200 thousand (nil in the six-month period ended 30 June 2024G as the Company did not have interim financials prepared in the prior years).

Depreciation of right-of-use assets

Depreciation of right-of-use assets ("ROU") related to the Company's offices in Jeddah and Riyadh.

Depreciation of ROU remained relatively stable between 2022G and 2024G at SAR 0.2 million in 2022G, SAR 0.3 million in 2023G and SAR 0.2 million in 2024G.

The decrease in the amortization of right-of-use assets to SAR 49.5 thousand in six-month period ended 30 June 2025G (a 64.2% decrease over the six-month period ended 30 June 2024G), was due to the renewal of Riyadh's head office lease contract at lower rates in 2024G and the termination of Jeddah's head office lease in April 2025G.

Refer to Section 6.6.2.2.2 "Right-of-use assets and lease liabilities".

Withholding tax and VAT

Withholding tax and VAT expenses increased from SAR 0.5 million in 2022G to SAR 1.3 million in 2023G (a 158.8% increase over 2022G) largely due to the increase in the value of services subject to withholding tax, as well as the company bearing the value-added tax expenses for some customers, starting from July 2023G, on an exceptional basis.

Withholding tax and VAT subsequently decreased to SAR 0.2 million in 2024G (an 84.0% decrease over 2023G) largely due to a higher number of staff and clients bearing the withholding tax obligation, reducing the portion previously covered by the Company.

Withholding tax and VAT increased from 91.1 in six-month period ended 30 June 2024G to SAR 238.9 thousand in six-month period ended 30 June 2025G due to the increase in employees working in the Kingdom on temporary work permit visas, from 30 in the six-month period ended 30 June 2024G to 49 in the six-month period ended 30 June 2025G.

Hotel accommodation

Hotel accommodation expenses related to temporary lodging provided to new employees for one week upon arrival, before they secure permanent housing.

These expenses fluctuate (SAR 221.4 thousand in 2022G, SAR 150.0 thousand in 2023G and SAR 201.7 thousand in 2024G) based on the number of new employees joining the Company.

Whilst the number of new employees onboarded were 100 employees in 2022G, 110 employees in 2023G and 120 employees in 2024G, the fluctuation in these expenses during the Historical Period was also tied to the duration each employee utilized their one-week stay.

This expense increased to SAR 119.2 thousand in six-month period ended 30 June 2025G (a 5.3% decrease over the six-month period ended 30 June 2024G) due to the increase in number of new joiners required hotel accommodation from 56 employees in six-month period ended 30 June 2024G to 61 employees in six-month period ended 30 June 2025G.

Depreciation of fixed assets

Depreciation of fixed assets primarily comprised vehicles, office equipment and furniture relating to the Company's head office.

Depreciation increased to SAR 587.0 thousand in six-month period ended 30 June 2025G (an 830.9% increase over the six-month period ended 30 June 2024G) due to the inclusion of depreciation charges of GSC Solutions amounting to SAR 532.7 thousand in the six-month period ended 30 June 2025G. This increase was offset by a decrease in depreciation expenses for fixed assets that were fully depreciated during the period.

Refer to Section 6.6.2.2.1 "**Property, plant and equipment - net**".

Government fees and subscriptions

Government fees and subscriptions related to subscriptions, license and registration, and documentary stamps.

Government fees and subscriptions increased from SAR 86.8 thousand in 2022G to SAR 93.8 thousand in 2023G (an 8.1% increase over 2022G) mainly driven by the increase in licenses and registrations by SAR 12.0 thousand (a 168.0% increase over 2022G) which was attributed to commercial registration and other renewal fees.

This increase in 2023G was partially offset by a decrease in documentary stamps by SAR 4.9 thousand.

Government fees and subscriptions further increased to SAR 112.5 thousand in 2024G (a 19.9% increase over 2023G) primarily driven by a SAR 27.6 thousand rise (by 50.2% compared to 2023G) in subscriptions, mainly due to server maintenance to Alfalak and a subscription to an eCommerce platform, which was incurred in preparation for the initial public offering ("**IPO**") to build the Company's website.

This increase in 2024G was partially offset by a SAR 11.0 thousand decrease in license and registration expenses during the same year.

Government fees and subscriptions increased to SAR 61.6 thousand in six-month period ended 30 June 2025G (a 111.5% increase over the six-month period ended 30 June 2024G) mainly due to increase in legal compliance fees paid in relation to the Company's planned IPO in 2026G.

Telephone, internet, and postage

Telephone, internet and postage expenses remained relatively stable across the Historical Period at SAR 0.1 million.

Telephone, internet and postage decreased to SAR 42.4 thousand in six-month period ended 30 June 2025G (a 4.7% decrease over the six-month period ended 30 June 2024G) because the Company was able to negotiate lower telephone and internet rates for 2025G and the termination of Jeddah's head office lease in April 2025G.

Travel and transportation

The relatively higher expense recognized in 2022G (SAR 157.3 thousand) compared to 2023G (a 59.0% decline over 2022G) was due to a reclassification of SAR 138 thousand related to travel tickets from COR to G&A during 2022G. This reclassification in 2022G resulted in lower travel and transportation expenses recognized in 2023G.

Travel and transportation expenses subsequently increased to SAR 81.0 thousand in 2024G (a 37.3% increase over 2023G) driven by the increase in the number of new joiners during the year (110 employees in 2023G to 120 employees in 2024G), resulting in relatively higher travel and transportation as compared to the prior year.

Travel and transportation expenses increased to SAR 60.9 thousand in six-month period ended 30 June 2025G (a 218.4% increase over the six-month period ended 30 June 2024G) due to the increase in the number of new joiners from 24 employees in six-month period ended 30 June 2024G to 49 employees in six-month period ended 30 June 2025G.

Hospitality and hotels

Hospitality and hotel expenses primarily related to office supplies and beverages.

In 2022G, the Company purchased printers, ink, and other office supplies, resulting in the decline in these expenses between 2022G (SAR 109,000) and 2023G (SAR 76,500).

Hospitality and hotel expenses remained stable between 2023G and 2024G at SAR 76.5 thousand and SAR 76.3 thousand, respectively.

The expenses decreased to SAR 38.3 thousand in six-month period ended 30 June 2025G (a 59.0% decrease over the six-month period ended 30 June 2024G) due to lower office supplies expenses incurred at the head office and the termination of Jeddah's head office lease.

Advertising and promotion

Advertising and promotion largely related to the Company's market research.

Advertising and promotion expenses increased from SAR 21.7 thousand in 2022G to SAR 28.2 thousand in 2023G (a 30.0% increase over 2022G) primarily driven by an expansion of the market research scope, as the Company sought to enter this segment.

Advertising and promotion further increased to SAR 52.3 thousand in 2024G (an 85.5% increase over 2023G) driven by market research on Saudi nationals, focusing on their educational background and skill sets.

No advertisement and promotion expense was incurred in six-month period ended 30 June 2025G.

Maintenance and repairs

Maintenance and repair costs mainly related to maintenance of vehicles and head office repairs which are performed on an as needed basis.

Maintenance and repair expenses remained broadly stable during the Historical Period at SAR 22.9 thousand in 2022G, SAR 17.2 thousand in 2023G and SAR 22.6 thousand in 2024G.

Maintenance and repair expenses remained broadly stable at SAR 7 thousand during the six-month period ended 30 June 2024G and six-month period ended 30 June 2025G.

Bank fees

The Company's bank fees remained relatively stable between 2022G and 2024G at SAR 7.2 thousand in 2022G, SAR 8.4 thousand in 2023G and SAR 20.0 thousand in 2024G. No bank fee was recorded in six-month period ended 30 June 2024G. The expense slightly increased to SAR 29.1 thousand in six-month period ended 30 June 2025G which relates to forex expense.

Electricity and repairs

Electricity and repairs expenses remained relatively stable between 2022G and 2024G at SAR 3.4 thousand in 2022G, SAR 2.0 thousand in 2023G and SAR 4.4 thousand in 2024G.

No electricity and repairs expense was recorded in six-month period ended 30 June 2024G and six-month period ended 30 June 2025G.

Technical Support

In 2022G, technical support largely related to a accruals for technical support to a hospitality management company in relation to employees' salaries amounting to SAR 224.5 thousand. This accrual was reversed in 2023G subsequent to which the actual expense incurred was recorded (during the same year).

This reversal resulted in the decline in technical support expenses from SAR 229.0 thousand in 2022G to SAR 17.5 thousand in 2023G (a 92.4% decline).

The decline in 2023G was partially offset by technical fees paid relating Muqem and Gmail, among others.

The Company did not incur any technical support expenses / fees in 2024G as these costs were reclassified to others to account for the correct classification of Muqem and Gmail charges.

No technical support expense was recorded in six-month period ended 30 June 2024G and six-month period ended 30 June 2025G.

Others

Other G&A expenses mainly related to staff uniforms, annual license of Muqem and consulting fees.

Other G&A expenses decreased from SAR 363.3 thousand in 2022G to SAR 315.6 thousand in 2023G (a 13.1% decline over 2022G) primarily driven by rent expenses of SAR 150.0 thousand related to the Jeddah and Riyadh offices, which was not included under IFRS 16.

This decrease in 2023G was partially offset by SAR 44.6 thousand in penalties incurred on VAT report adjustments made after the monthly submission deadline.

Other G&A expenses subsequent increased to SAR 338.5 in 2024G (a 7.3% increase over 2023G) primarily driven by a SAR 96 thousand increase in miscellaneous expenses relating to staff uniforms, and annual Muqem, Simah and Qiwa license fees which were reclassified from technical support to others.

Other G&A expenses increased to SAR 461.0 thousand in six-month period ended 30 June 2025G (a 1,261.8% increase over six-month period ended 30 June 2024G) primarily driven security guard costs of SAR 42.0 thousand and inventory write-offs of SAR 143.0 thousand related to GSC Solutions in six-month period ended 30 June 2025G and various other expenses by SAR 188.0 thousand mainly related to staff uniforms and Muqem license.

6.6.1.4 Employee costs

The following table compares the Company's employee costs for the financial years ended 31 December 2022G, 2023G, and 2024G and six-month periods ended 30 June 2024G and 30 June 2025G.

Table (6.8): Employee costs for the financial years ended 31 December 2022G, 2023G, 2024G and six-month periods ended 30 June 2024G and 30 June 2025G:

Currency: SAR'000	2022G	2023G	2024G	Variance (2022G- 2023G)	Variance (2023G- 2024G)	Six-month period ended 30 June 2024G	Six-month period ended 30 June 2025G	Variance (Six- month 2024G - Six-month 2025G)
Basic salary	67,724.3	81,638.3	110,206.3	20.5%	35.0%	52,415.0	66,622.3	27.1%
Housing allowance	16,966.1	20,409.6	27,551.6	20.3%	35.0%	13,190.7	16,566.8	25.6%
Transportation allowance	6,786.7	8,171.0	11,022.2	20.4%	34.9%	5,232.9	6,716.6	28.4%
Overtime / food allowance	1,120.5	1,775.3	4,690.6	58.4%	164.2%	-	-	N/A
Others	17,294.6	18,238.4	14,439.1	5.5%	(20.8%)	9,156.9	11,216.0	22.5%
Total employee costs (COR + G&A+S&D)	109,892.2	130,232.6	167,909.8	18.5%	28.9%	79,995.5	101,121.7	26.4%

Source: Company Information

During the Historical Period, the Company's total employee costs mainly related to (i) direct employees working on client projects and (ii) administrative staff working at the head office, contributing, on average, 97.2% and 2.8%, respectively, to total employee costs between 2022G and 2024G.

Others mainly related to vacation, tickets, and business trips, among other allowances.

Total employee costs increased from SAR 109.9 million in 2022G to SAR 130.2 million in 2023G (an 18.5% increase over 2022G) primarily driven by the increase in (i) total basic salaries (by SAR 13.9 million or 20.5%), (ii) housing allowances (by SAR 3.4 million or 20.3%) and (iii) transportation allowances (by SAR 1.4 million or 20.4%).

The increase in these costs between 2022G and 2023G was primarily driven by the increase in the average number of employees recognized in COR from 477 employees in 2022G to 601 employees in 2023G driven by increased client demand.

In 2024G, employee costs further increased to SAR 167.9 million (a 28.9% increase over 2023G), primarily driven by the increase in (i) total basic salaries (by SAR 28.6 million or 35.0%) (ii) housing allowances (by SAR 7.1 million or 35.0%) and (iii) transportation allowances (by SAR 2.9 million or 34.9%).

The increase in employee costs in 2024G was primarily driven by a further increase in the average number of employees recognized in COR from 601 employees in 2023G to 735 employees in 2024G driven by continued increased client demand.

Additionally, the average monthly basic salary per employee increased from SAR 10.7 thousand per employee in 2023G to SAR 11.9 thousand per employee in 2024G mainly due to the recruitment of employees with higher monthly salaries.

Total employee costs increased to SAR 101.1 million in six-month period ended 30 June 2025G (a 26.4% increase over the six-month period ended 30 June 2024G) due to the increase in number of KSA based employees deployed from 692 employees in six-month period ended 30 June 2024G to 795 employees in six-month period ended 30 June 2025G.

6.6.1.5 Other income

The following table compares the Company's other income for the financial years ended 31 December 2022G, 2023G, and 2024G and six-month periods ended 30 June 2024G and 30 June 2025G.

Table (6.9): Other income for the financial years ended 31 December 2022G, 2023G, 2024G and six-month periods ended 30 June 2024G and 30 June 2025G:

Currency: SAR'000	2022G	2023G	2024G	Variance (2022G- 2023G)	Variance (2023G- 2024G)	Six-month period ended 30 June 2024G	Six-month period ended 30 June 2025G	Variance (Six- month 2024G - Six-month 2025G)
Human Resource Development Fund	1,831.0	217.3	382.1	(88.1%)	75.8%	61.8	297.6	381.6%
Bank interest	9.5	-	12.6	(100.0%)	100.0%	-	-	-
Al Bilad Capital Fund income	30.6	-	-	(100.0%)	-	4.8	0.8	(83.3%)
Total other income	1,871.1	217.3	394.7	(88.4%)	81.6%	66.6	298.4	348.0%

Source: Company Information

In 2024G, other income mainly comprised a subsidy received from the HRDF amounting to SAR 0.4 million. In addition, during the Historical Period, the Company generated income from the Al Bilad Capital fund and bank interest.

Other income decreased from SAR 1.9 million in 2022G to SAR 0.2 million in 2023G (an 88.4% decline over 2022G) mainly due to the decline in HRDF subsidy by SAR 1.6 million (an 88.1% decline over 2022G). This decrease was attributed to many Saudi employees already utilizing part of their eligibility with previous employers. As a result, DABS received only partial subsidies rather than the full, 12-month, funding period subsidy, leading to a significant reduction in HRDF-related income in 2022G.

Other income subsequently increased to SAR 0.4 million in 2024G (an 81.6% increase over 2023G) largely driven by an increase in the funds received from HRDF by SAR 0.2 million (a 75.8% increase over 2023G) mainly driven by the increase in the appointment of Saudi employees that were eligible for HRDF subsidies.

Other income increased to SAR 231.8 thousand in six-month period ended 30 June 2025G (a 348.0%) was driven by the appointment of 59 Saudi Nationals that were eligible for HRDF subsidies in six-month period ended 30 June 2025G.

6.6.1.6 Investment income

The following table compares the Company's investment income for the financial years ended 31 December 2022G, 2023G, and 2024G and six-month periods ended 30 June 2024G and 30 June 2025G.

Table (6.10): Investment income for the financial years ended 31 December 2022G, 2023G, 2024G and six-month periods ended 30 June 2024G and 30 June 2025G:

Currency: SAR'000	2022G	2023G	2024G	Variance (2022G- 2023G)	Variance (2023G- 2024G)	Six-month period ended 30 June 2024G	Six-month period ended 30 June 2025G	Variance (Six- month 2024G - Six-month 2025G)
Portfolio investments	(54.3)	(311.7)	2,874.3	474.0%	(1,022.1%)	1,202.6	726.6	(39.6%)
Al Bilad Capital Fund income	-	459.0	597.7	100.0%	30.2%	416.7	118.1	(71.7%)
Total investment income	(54.3)	147.3	3,472.0	(371.3%)	2,257.1%	1,619.3	844.7	(47.8%)

Source: Company Information

Investment income represents the profit from investments measured at fair value through profit or loss in investment portfolios as well as interest earned from Murabaha investments.

Investment income increased from a loss of SAR 54.3 thousand in 2022G to an income of SAR 147.3 thousand in 2023G (a 371.3% increase over 2022G) primarily driven by interest earned from Murabaha with Al Bilad Capital Fund, totaling SAR 459.0 thousand, partially offset by a SAR 257 thousand (a 474.0% increase over 2022G) increase in the losses incurred from the Company's investment portfolio, mainly due its investment in a company listed on the main market.

Investment income further increased to SAR 3.5 million in 2024G (a 2,257.1% increase over 2023G) driven by an increase in the Company's investment portfolio income by SAR 3.2 million.

During the six-month period ended 30 June 2025G, investment income comprised (i) unrealized gains of stocks amounting SAR 571 thousand, (ii) gains on disposal of stocks of SAR 326 thousand, and (iii) income from Albilad Capital Fund of SAR 118 thousand, which decreased compared to the six-month period ended 2024G due to the Company's decision to withdraw funds, which was dependent on its cash availability and working capital.

6.6.1.7 Finance costs

The following table compares the Company's finance costs for the financial years ended 31 December 2022G, 2023G, and 2024G and six-month periods ended 30 June 2024G and 30 June 2025G.

Table (6.11): Finance costs for the financial years ended 31 December 2022G, 2023G, 2024G and six-month periods ended 30 June 2024G and 30 June 2025G:

Currency: SAR millions	2022G	2023G	2024G	Variance (2022G- 2023G)	Variance (2023G- 2024G)	Six-month period ended 30 June 2024G	Six-month period ended 30 June 2025G	Variance (Six-month 2024G - Six-month 2025G)
Bank fees and guarantee letters	334.1	334.1	542.4	-	62.3%	227.6	125.7	(44.8%)
Employee benefits interest	158.0	158.0	463.2	-	193.2%	-	-	-
Lease interest	14.1	10.5	5.7	(25.5%)	(45.7%)	0.9	12.8	1,322.2%
Total finance costs	506.2	502.6	1,011.3	(0.7%)	101.2%	228.5	138.5	(39.4%)

Source: Audited financial statements for the financial years ended 31 December 2023G, 31 December 2024G, Unaudited financial statements for the six-month periods ended 30 June 2024G and 30 June 2025G

Financing expenses related to bank charges, actuarial interest, and interest on right of use assets, which contributed, on average, 62.0%, 36.2%, and 1.8%, respectively, to total financing expenses across the Historical Period.

Finance costs remained relatively stable between 2022G and 2023G at SAR 506.2 thousand in 2022G and SAR 502.6 thousand in 2023G before increasing to SAR 1,011.3 thousand (by 101.2% compared to 2023G) in 2024G primarily driven by an increase of SAR 305.2 thousand (by 193.2% compared to 2023G) in actuarial interest and an increase of SAR 208.3 thousand (by 62.1% compared to 2023G) in bank financial charges attributed to a loan obtained during the year, which was used to invest in investment portfolios and was fully repaid before year-end.

The decrease in financing expenses to SAR 138.5 thousand in six-month period ended 30 June 2025G (a 39.4% decrease over the six-month period ended 30 June 2024G) was driven by the full settlement of outstanding short-term borrowings with SNB (SAR 6.0 million at 30 June 2024G) and SAIB (SAR 5.0 million at 30 June 2024G). This was partially offset by lease interest charges of SAR 9 thousand relating to GSC Solutions.

6.6.1.8 Estimated Zakat

Estimated Zakat increased year-on-year between 2022G and 2024G (SAR 1.4 million in 2022G, SAR 2.1 million in 2023G and SAR 2.9 million in 2024G) primarily as a result of the increase in the Company's overall equity and adjusted net income.

Zakat provision increased to SAR 1.9 million in six-month period ended 30 June 2025G (an 93.8% increase over the six-month period ended 30 June 2024G) primarily due to the increase in profits generated over the same period.

6.6.2 Statement of financial position

The following table compares the Company's statement of financial position as at 31 December 2022G, 2023G, and 2024G and 30 June 2025G.

Table (6.12): Statement of financial position as at 31 December 2022G, 2023G and 2024G and 30 June 2025G:

Currency: SAR'000	31 December 2022G	31 December 2023G	31 December 2024G	Variance (2022G-2023G)	Variance (2023G-2024G)	30 June 2025G	Variance (31 December 2024G-30 June 2025G)
Cash and cash equivalents	10,895.7	6,984.3	24,018.5	(35.9%)	243.9%	7,389.4	(69.2%)
Trade receivables	24,836.9	28,050.8	46,366.2	12.9%	65.3%	75,409.0	62.6%
Other receivables	2,061.8	5,603.9	8,750.6	171.8%	56.2%	7,678.8	(12.2%)
Due from related parties	20,078.1	3,094.6	647.5	(84.6%)	(79.1%)	3,067.3	373.7%
Loan from related party – owner	-	12,000.0	-	N/A	(100.0%)	-	-
Investment portfolios at fair value through profit or loss	873.3	16,069.7	12,941.2	1,740.1%	(19.5%)	12,334.9	(4.7%)
Unbilled revenue	5,692.1	17,009.0	24,483.5	198.8%	43.9%	49,980.8	104.1%
Inventory	-	-	-	N/A	N/A	2,992.1	100.0%
Total current assets	64,437.9	88,812.3	117,207.5	37.8%	32.0%	158,852.3	35.3%
Property, plant and equipment – net	430.9	390.2	389.5	(9.4%)	(0.2%)	5,552.6	1,325.6%
Right-of-use assets – net	470.4	193.6	263.8	(58.8%)	36.3%	519.5	96.9%
Investments in equity instruments at fair value through profit or loss	-	-	12,000.0	-	100.0%	12,000.0	-
Total non-current assets	901.3	583.8	12,653.3	(35.2%)	2,067.4%	18,072.1	42.8%
Total assets	65,339.2	89,396.1	129,860.8	36.8%	45.3%	176,924.4	36.2%
Short-term loans	-	9,427.0	-	100.0%	(100.0%)	-	-
Trade payables	123.4	2,784.4	974.9	2,156.4%	(65.0%)	1,705.4	74.9%
Due to related parties	-	173.6	-	100.0%	(100.0%)	418.3	100.0%
Other payables	4,371.7	6,750.9	11,037.4	54.4%	63.5%	9,763.4	(11.5%)

Currency: SAR'000	31 December 2022G	31 December 2023G	31 December 2024G	Variance (2022G-2023G)	Variance (2023G-2024G)	30 June 2025G	Variance (31 December 2024G-30 June 2025G)
Lease liabilities - current portion	271.0	163.8	137.4	(39.6%)	(16.1%)	29.2	(78.7%)
Provision for estimated Zakat	1,362.7	2,119.9	2,919.8	55.6%	37.7%	2,029.0	(30.5%)
Total current liabilities	6,128.8	21,419.6	15,069.5	249.5%	(29.6%)	13,945.3	(7.5%)
Lease liabilities - non-current portion	163.8	-	103.0	(100.0%)	100.0%	497.8	383.3%
Long-term employee benefits obligations	7,564.1	10,558.2	10,015.1	39.6%	(5.1%)	11,216.0	12.0%
Total non-current liabilities	7,727.9	10,558.2	10,118.1	36.6%	(4.2%)	11,713.8	15.8%
Total liabilities	13,856.7	31,977.8	25,187.6	130.8%	(21.9%)	25,659.1	1.9%
Capital	1,000.0	1,000.0	50,000.0	-	4,900.0%	70,000.0	40.0%
Additional capital contributions	14,217.2	-	10,000.0	(100.0%)	100.0%	21,839.6	118.4%
Statutory reserve	300.0	300.0	4,260.8	-	1,320.3%	-	(100.0%)
Retained earnings	35,965.3	56,118.3	40,412.4	56.0%	(28.0%)	59,425.7	47.0%
Total equity	51,482.5	57,418.3	104,673.2	11.5%	82.3%	151,265.3	44.5%
Total liabilities and equity	65,339.2	89,396.1	129,860.8	36.8%	45.3%	176,924.4	36.2%

Audited financial statements for the financial years ended 31 December 2023G, 31 December 2024G, Unaudited financial statements for the six-month periods ended 30 June 2024G and 30 June 2025G

6.6.2.1 Current assets

The following table compares the current assets as at 31 December 2022G, 2023G, and 2024G and 30 June 2025G.

Table (6.13): Current assets as at 31 December 2022G, 2023G and 2024G and 30 June 2025G :

Currency: SAR'000	31 December 2022G	31 December 2023G	31 December 2024G	Variance (2022G-2023G)	Variance (2023G-2024G)	30 June 2025G	Variance (31 December 2024G-30 June 2025G)
Cash and cash equivalents	10,895.7	6,984.3	24,018.5	(35.9%)	243.9%	7,389.4	(69.2%)
Trade receivables	24,836.9	28,050.8	46,366.2	12.9%	65.3%	75,409.0	62.6%
Other receivables	2,061.8	5,603.9	8,750.6	171.8%	56.2%	7,678.8	(12.2%)
Due from related parties	20,078.1	3,094.6	647.5	(84.6%)	(79.1%)	3,067.3	373.7%
Loan from related party – owner	-	12,000.0	-	100.0%	(100.0%)	-	-
Investment portfolios at fair value through profit or loss	873.3	16,069.7	12,941.2	1,740.1%	(19.5%)	12,334.9	(4.7%)
Unbilled revenue	5,692.1	17,009.0	24,483.5	198.8%	43.9%	49,980.8	104.1%
Inventory	-	-	-	-	-	2,992.1	100.0%
Total current assets	64,437.9	88,812.3	117,207.5	37.8%	32.0%	158,852.3	35.5%

Source: Audited financial statements for the financial years ended 31 December 2023G, 31 December 2024G, Unaudited financial statements for the six-month periods ended 30 June 2024G and 30 June 2025G

The Company's current assets mainly comprised cash and cash equivalents, trade receivables and unbilled revenues

Current assets increased from SAR 64.4 million at 31 December 2022G to SAR 88.8 million at 31 December 2023G (a 37.8% increase over 31 December 2022G) primarily driven by (i) a loan obtained from a related party of SAR 12.0 million, (ii) an increase in the value of investments at fair value through profit or loss ("FVTPL") by SAR 15.2 million, and (iii) an increase in unbilled revenues by SAR 11.3 million.

This increase at 31 December 2023G was partially offset by the decline in related party receivables by SAR 17.0 million during the year.

Current assets further increased to SAR 117.2 million at 31 December 2024G (32.0% increase over 31 December 2023G) mainly driven by an increase in cash and cash equivalents and trade receivables by SAR 17.0 million and SAR 18.3 million, respectively. This was partially offset by the settlement of the related party loan (SAR 12.0 million).

Current assets increased to SAR 158.9 million at 30 June 2025G (35.5% increase over 31 December 2024G) mainly driven by an increase in unbilled revenue and trade receivables by SAR 25.5 million and SAR 29.0 million, respectively and due to the inventory of GSC Solutions amounting to SAR 3.0 million. This was partially offset by the decrease in cash and cash equivalents by SAR 16.6 million.

6.6.2.1.1 Cash and cash equivalents

The following table compares the cash and cash equivalents as at 31 December 2022G, 2023G, and 2024G and 30 June 2025G.

Table (6.14): Cash and cash equivalents as at 31 December 2022G, 2023G and 2024G and 30 June 2025G :

Currency: SAR'000	31 December 2022G	31 December 2023G	31 December 2024G	Variance (2022G-2023G)	Variance (2023G-2024G)	30 June 2025G	Variance (31 December 2024G-30 June 2025G)
Current accounts with local banks in Saudi Riyals	10,895.7	6,984.3	402.0	(35.9%)	(94.2%)	6,916.2	1,620.4%
Cash in investment portfolios	-	-	23,616.5	-	100.0%	473.2	(98.0%)
Total cash and cash equivalents	10,895.7	6,984.3	24,018.5	(35.9%)	243.9%	7,389.4	(69.2%)

Source: Audited financial statements for the financial years ended 31 December 2023G, 31 December 2024G and Unaudited financial statements for the six-month periods ended 30 June 2024G and 30 June 2025G

At 31 December 2022G and 31 December 2023G, the Company had SAR 10.9 million and SAR 7.0 million of cash in current accounts with local banks. Cash levels in current accounts with local banks subsequently declined to SAR 402.0 thousand at 31 December 2024G as the Company transferred its cash into cash investment portfolios during 2024G (with a balance of SAR 23.6 million). The balance increased to SAR 6.9 million at 30 June 2025G due to cash in current accounts with local banks of GSC Solutions amounting to SAR 5.9 million.

Refer to Section 6.6.3 "Statement of cash flows".

6.6.2.1.2 Trade receivables

The following table compares the trade receivables as at 31 December 2022G, 2023G, and 2024G and 30 June 2025G.

Table (6.15): Trade receivables as at 31 December 2022G, 2023G and 2024G . 2024G and 30 June 2025G:

Currency: SAR'000	31 December 2022G	31 December 2023G	31 December 2024G	Variance (2022G-2023G)	Variance (2023G-2024G)	30 June 2025G	Variance (31 December 2024G-30 June 2025G)
Trade receivables – gross	30,397.3	32,979.0	51,600.4	8.5%	56.5%	82,213.8	59.3%
Provision for impairment of receivables	(5,560.4)	(4,928.2)	(5,234.2)	(11.4%)	6.2%	(6,804.8)	30.0%
Total trade receivables	24,836.9	28,050.8	46,366.2	12.9%	65.3%	75,409.0	62.6%

Source: Audited financial statements for the financial years ended 31 December 2023G, 31 December 2024G, Unaudited financial statements for the six-month periods ended 30 June 2024G and 30 June 2025G

The following table compares the trade receivables ageing as of 31 December 2022G, 31 December 2023G, 31 December 2024G, and the six-month period ending 30 June 2025G.

Table (6.16): Trade receivables ageing as of 31 December 2022G, 31 December 2023G, 31 December 2024G, and the six-month period ending 30 June 2025G.

Currency: SAR'000	31 December 2022G	31 December 2023G	31 December 2024G	Variance (2022G-2023G)	Variance (2023G-2024G)	30 June 2025G	Variance (31 December 2024G-30 June 2025G)
From 0 to 90 days	19,255.9	24,766.3	37,414.3	28.6%	51.1%	61,581.2	64.6%
From 91 to 181 days	5,287.9	6,133.3	9,054.8	16.0%	47.6%	6,738.6	(25.6%)
From 181 to 270 days	3,907.4	1,152.4	1,903.8	(70.5%)	65.2%	8,621.7	352.9%
From 271 to 360 days	923.0	132.8	655.7	(85.6%)	393.8%	1,856.9	183.2%
Over than 360 days	1,023.1	794.2	2,571.8	(22.4%)	223.8%	3,415.4	32.8%
Total trade receivables	30,397.3	32,979.0	51,600.4	8.5%	56.5%	82,213.8	59.3%

Source: Company Information

Trade receivables - gross

The Company's gross trade receivables related to receivables from third-party customers.

Gross trade receivables amounted to SAR 51.6 million at 31 December 2024G and primarily comprised balances from:

- Private Company -1 (SAR 9.1 million), Government Related Entity -3 (SAR 5.8 million) and Government Related Entity -5 (SAR 1.6 million), in the Business Managed Services segment;
- Listed Insurance Company -1 (SAR 6.8 million), Saudi Bank -1 (SAR 9.2 million) and Private Company -3 (SAR 1.9 million), in the IT Managed Services segment; and
- Saudi Digital Bank -2 (SAR 4.2 million) and Listed Software & Services Company -1 (SAR 3.0 million), in the IT Consulting Services segment.

Gross trade receivables increased from SAR 30.4 million at 31 December 2022G to SAR 33.0 million at 31 December 2023G (a 12.9% increase) primarily driven by the increase in gross trade receivables from:

- 1- IT Managed Services from SAR 6.2 million at 31 December 2022G to SAR 7.5 million at 31 December 2023G as a result of the increase in IT Managed Services revenues by SAR 10.0 million coupled with the increase in DSO of IT Managed Services from 44 days at 31 December 2022G to 60 days at 31 December 2023G.
- 2- Business Managed Services from SAR 9.5 million at 31 December 2022G to SAR 10.7 million at 31 December 2023G mainly due to the increase in Business Managed Services revenues by SAR 3.5 million coupled with the increase in DSO of Business Managed Services from 128 days at 31 December 2022G to 179 days at 31 December 2023G.

The increase in DSO was mainly attributed to from delays in customer invoice settlements, namely from Private Company -1 and Government Related Entity -1, in the IT Managed Services segment, and from Saudi Bank -1 and Saudi Digital Bank -2, in the Business Managed Services segment.

Gross trade receivables further increased to SAR 51.6 million at 31 December 2024G (a 65.3% increase over 31 December 2023G) largely due to the increase in gross trade receivables and DSO of:

- 1- Business Managed Services from SAR 10.7 million at 31 December 2023G to SAR 20.6 million at 31 December 2024G mainly due to the increase in DSO of Business Managed Services from 179 days at 31 December 2023G to 276 days at 31 December 2024G due to delays in customer invoice settlements, in December 2024G by Private Company -1 and Government Related Entity -3.
- 2- IT Managed Service (from SAR 7.5 million at 31 December 2023G to SAR 18.7 million at 31 December 2024G) largely due to the increase in IT Managed Services revenues by SAR 44.2 million between 2023G and 2024G.

Gross trade receivables further increased to SAR 82.2 million at 30 June 2025G (a 59.3% increase over 31 December 2024G) largely due to the increase in gross trade receivables and DSO of:

- 1- IT Managed Services (from SAR 18.7 million at 31 December 2024G to SAR 37.2 million at 30 June 2025G), largely due to the increase in IT Managed Services revenues and the increase in DSO of IT Managed Services to 92 days at 30 June 2025G due to delays in customer invoice settlements,

Provision for impairment of receivables

The provision for impairment of receivables is calculated based on a percentage allocated to each receivables ageing bucket (excluding related party balances). This percentage is determined based on Expected Credit Loss ("ECL") method as per IFRS 9, taking into consideration multiple factors, such as, the receivable recovery rate and the probability of default.

The majority of the Company's customers have credit terms that typically range between 30 and 90 days from the date of the invoice.

At 31 December 2024G, the Company had a provision of SAR 5.2 million, while its trade receivables balance aged over 90 days amounted to SAR 14.2 million (representing 27.5% of net receivables).

The provision for impairment of receivables declined from SAR 5.6 million at 31 December 2022G to SAR 4.9 million at 31 December 2023G before increasing to SAR 5.2 million and SAR 6.8 million at 31 December 2024G and 30 June 2025G respectively mainly driven by write-offs of balances which were previously fully provided for during 2023G.

These written-off balances were largely aged over one year and primarily related to Government Related Entity -3 and Saudi Bank -9, which amounted to SAR 584 thousand and 156 thousand, respectively, at 31 December 2022G.

6.6.2.1.3 Other receivables

The following table compares the other receivables as at 31 December 2022G, 2023G, and 2024G and 30 June 2025G.

Table (6.17): Other receivables as at 31 December 2022G, 2023G and 2024G, and 30 June 2025G:

Currency: SAR'000	31 December 2022G	31 December 2023G	31 December 2024G	Variance (2022G-2023G)	Variance (2023G-2024G)	30 June 2025G	Variance (31 December 2024G-30 June 2025G)
Prepaid expenses	1,701.0	2,450.7	4,588.7	44.1%	87.2%	6,338.7	38.1%
Prepaid VAT	-	2,551.3	3,672.5	100.0%	43.9%	403.6	(89.0%)
Employee advances	294.1	535.2	489.4	82.0%	(8.6%)	936.5	91.4%
Advance payments to suppliers	66.7	66.7	-	0.0%	(100.0%)	-	N/A
Total other receivables	2,061.8	5,603.9	8,750.6	171.8%	56.2%	7,678.8	(12.2%)

Source: Audited financial statements for the financial years ended 31 December 2023G, 31 December 2024G, and Company Information

Other receivables mainly comprised prepaid expenses, prepaid VAT and employee advances which contributed, on average, 59.6%, 29.2% and 9.8%, respectively, to total other receivables across the Historical Period.

Other receivables increased from SAR 2.1 million at 31 December 2022G to SAR 5.6 million at 31 December 2023G (a 171.8% increase over 31 December 2022G) driven by increases in prepaid expenses, prepaid VAT and employee advances by SAR 0.7 million, SAR 2.5 million and SAR 0.2 million, respectively.

Other receivables further increased to SAR 8.6 million at 31 December 2024G (a 56.2% increase over 31 December 2023G) driven by further increases in prepaid expenses and prepaid VAT by SAR 2.1 million and SAR 1.1 million, respectively.

Other receivables decreased to SAR 7.7 million at 30 June 2025G (a 12.2% decrease over 31 December 2024G) primarily due to the decrease in prepaid VAT by SAR 3.3 million. This decrease was partially offset by the increase in prepaid expenses and employee advances by SAR 1.8 million and SAR 447 thousand respectively.

Prepaid expenses

Prepaid expenses primarily comprised prepaid medical expenses and prepaid iqamas.

Prepaid expenses increased from SAR 1.7 million at 31 December 2022G to SAR 2.5 million at 31 December 2022G (a 44.1% increase over 31 December 2022G) primarily due to the increase in prepaid medical expenses as a result of the increase in insurance premiums and the increase in the average number employees from 512 employees in 2022G to 636 employees in 2023G.

Prepaid expenses further increased to SAR 4.6 million at 31 December 2024G (an 87.2% increase over 31 December 2023G) mainly due to the increase in prepaid iqamas from nil at 31 December 2023G to SAR 2.4 million at 31 December 2024G. This was due to the implementation of accrual basis accounting for annual iqama renewals during 2024G whereas previously they were expensed fully in the same year, as they were settled.

Prepaid expenses increased to SAR 6.3 million at 30 June 2025G, primarily due to (i) an increase in prepaid iqama expenses to SAR 2.8 million as expat employees increased from 586 at 31 December 2024G to 685 at 30 June 2025G, (ii) an increase in advance to vendor by SAR 1.7 million, of which SAR 535 thousand was related to supplier-3 for the remaining balance of the old medical insurance policy that was terminated and later renewed to amend the start and end dates of the contract and SAR 735 thousand was related to GSC Solutions supplier for spare parts, (iii) LG guarantees of SAR 324 thousand related to GSC Solutions customers, and (iv) an increase in other amounts to SAR 726 thousand at 30 June 2025G related to shared service cost transfers from Dar Al-Balad Contracting and Operation and Saudi Tunisian Electricity & Gas to DABS on 30 June 2025G, which was received on 1 July 2025G.

This increase was partly offset by the decrease in prepaid medical expenses to SAR 670 thousand at 30 June 2025G as a result of the benefit of the medical insurance prepayment being realized during the second quarter of 2025G. Additionally, supplier -3 shifted the billing cycle from annual to quarterly following the commencement of the new medical insurance policy on 15 April 2025G.

Prepaid VAT

Prepaid VAT related to the VAT settled for all unbilled revenue recorded during the period. This accrual-based accounting treatment was implemented by DABS in 2023G, which resulted in a nil balance at 31 December 2022G.

Prepaid VAT was calculated as 15.0% of total unbilled revenues at 31 December 2023G and 31 December 2024G.

Prepaid VAT increased from SAR 2.6 million at 31 December 2023G to SAR 3.7 million at 31 December 2024G due to the increase in unbilled revenue by SAR 7.5 million between 31 December 2023G and 31 December 2024G.

The decrease to SAR 404 thousand at 30 June 2025G (a decrease of 89.0% over 31 December 2024G) was due to the invoicing of unbilled revenues as well as the Company not accounting for prepaid VAT on unbilled revenues during the interim period. Prepaid VAT is only accounted for on unbilled revenues at year end.

Employee advances

Employee advances were granted to employees following the completion of their probation period (with a maximum of a one-month salary for each employee), repaid over three months through salary deductions.

Employee advances increased from SAR 0.3 million at 31 December 2022G to SAR 0.5 million at 31 December 2023G (an 82.0% increase over 31 December 2022G) largely due to a higher number of senior employees and exceptions granted to a total of 66 employees during 2023G.

Employee advances remained relatively stable between 31 December 2023G and 31 December 2024G at SAR 0.5 million.

Employee advances increased to SAR 936.5 thousand at 30 June 2025G (an increase of 91.4% over 31 December 2024G) was driven by the increase in number of employees given advances to 136, as compared to 54 employees at 31 December 2024G.

Advance payments to suppliers

Advance payments to suppliers of SAR 66.7 thousand at 31 December 2022G and 31 December 2023G related to Workforce Saudia Istiqdam Company for recruitment services support.

This advance was fully settled during 2024G, resulting in a nil balance at 31 December 2024G.

6.6.2.1.4 Investment portfolios at fair value through profit or loss

The following table compares the investment portfolios at fair value through profit or loss as at 31 December 2022G, 2023G, and 2024G and 30 June 2025G.

Table (6.18): Investment portfolios at fair value through profit or loss as at 31 December 2022G, 2023G and 2024G, and 30 June 2025G:

Currency: SAR'000	31 December 2022G	31 December 2023G	31 December 2024G	Variance (2022G-2023G)	Variance (2023G-2024G)	30 June 2025G	Variance (31 December 2024G-30 June 2025G)
Investments in Bank Al Bilad Capital Fund	-	11,459.0	-	100.0%	(100.0%)	-	N/A
Investments in investment portfolios	873.3	4,610.7	12,941.2	428.0%	180.7%	12,334.9	(4.7%)
Total investment portfolios at fair value through profit or loss	873.3	16,069.7	12,941.2	1740.1%	(19.5%)	12,334.9	(4.7%)

Source: Audited financial statements for the financial years ended 31 December 2023G, 31 December 2024G, and Company Information

Investment portfolios at fair value through profit or loss consisted of short-term deposits in the Bank Al Bilad Capital Fund and Yaqeen investment portfolios.

The fluctuations observed over the Historical Period (SAR 0.9 million at 31 December 2022G, SAR 16.1 million at 31 December 2023G, SAR 12.9 million at 31 December 2024G and SAR 12.3 million at 30 June 2025G) were driven by strategic investment decisions made by the Company to deposit or withdraw funds from each respective fund / investment portfolio, considering the Company's cash availability and working capital requirements.

6.6.2.1.5 Unbilled revenues

The following table compares the unbilled revenues as at 31 December 2022G, 2023G, and 2024G and 30 June 2025G.

Table (6.19): Unbilled revenues as at 31 December 2022G, 2023G and 2024G, and 30 June 2025G:

Currency: SAR'000	2022G	2023G	2024G	Variance (2022G-2023G)	Variance (2023G-2024G)	30 June 2025G	Variance (31 December 2024G-30 June 2025G)
Balance at the beginning of the year	6,839.0	5,692.1	17,009.0	(16.8%)	198.8%	24,483.6	43.9%
Additions due to acquisitions	-	-	-	-	-	3,003.4	100.0%
Additions	5,692.1	17,009.0	24,483.5	198.8%	43.9%	42,775.3	74.7%
Billed	(6,839.0)	(5,692.1)	(17,009.0)	(16.8%)	198.8%	(20,281.5)	19.2%
Balance at the end of the year	5,692.1	17,009.0	24,483.5	198.8%	43.9%	49,980.8	104.1%

Source: Audited financial statements for the financial years ended 31 December 2023G, 31 December 2024G, Unaudited financial statements for the six-month periods ended 30 June 2024G and 30 June 2025G

Unbilled revenues are associated with the timing differences between when services are rendered, and when invoices are issued to customers. The delay in invoicing is primarily due to the extended review process of employee timesheets before invoices are ultimately issued to the Company's customers.

The year-on-year increase in unbilled revenue from SAR 5.7 million at 31 December 2022G to SAR 17.0 million at 31 December 2023G and further to SAR 24.5 million at 31 December 2024G was due to delays in issuing the invoice to customers as a result of longer review times of project teams' timesheets, namely of Saudi Bank -1 and Government Related Entity -3 which increased from nil at 31 December 2022G to SAR 10.0 million and SAR 2.3 million at 31 December 2023G and 31 December 2024G, respectively.

The increase in unbilled revenue from SAR 24.5 million at 31 December 2024G to SAR 50.0 million at 30 June 2025G was also due to delays in issuing the invoice to clients as a result of longer review times of employee timesheets.

6.6.2.1.6 Inventory

At 30 June 2025G inventory was related to GSC Solutions and comprised of finished goods (SAR 2.3 million) and raw materials (SAR 709 thousand).

The finished goods inventory mainly comprised Partially Hydrogenated Terphenyl of SAR 1.5 million (63.4% of finished goods inventory), and N-Methyldiethanolamine of SAR 330 thousand (14.5% of finished goods inventory). The raw materials inventory mainly comprises of Microwax of SAR 298 thousand (42.1% of raw materials inventory) and fully refined Prafine Wax of SAR 288 thousand (40.6% of raw materials inventory).

6.6.2.2 Non-current assets

The following table compares the Company's non-current assets as at 31 December 2022G, 2023G, and 2024G and 30 June 2025G.

Table (6.20): Non-current assets as at 31 December 2022G, 2023G and 2024G and 30 June 2025G:

Currency: SAR'000	31 December 2022G	31 December 2023G	31 December 2024G	Variance (2022G-2023G)	Variance (2023G-2024G)	30 June 2025G	Variance (31 December 2024G-30 June 2025G)
Property, plant and equipment – net	430.9	390.2	389.5	(9.4%)	(0.2%)	5,552.6	1,325.6%
Right-of-use assets – net	470.4	193.6	263.8	(58.8%)	36.3%	519.5	96.9%
Investments in equity instruments at fair value through profit or loss	-	-	12,000.0	-	100.0%	12,000.0	-
Total non-current assets	901.3	583.8	12,653.3	(35.2%)	2,067.4%	18,072.1	42.8%

Source: Audited financial statements for the financial years ended 31 December 2023G, 31 December 2024G, Unaudited financial statements for the six-month periods ended 30 June 2024G and 30 June 2025G

The Company's non-current assets comprised property, plant and equipment, right-of-use assets and investments in equity instruments at fair value through profit or loss which contributed to, on average, 39.2%, 29.1% and 31.6%, respectively, to total non-current assets across the Historical Period.

Non-current assets declined from SAR 0.9 million at 31 December 2022G to SAR 0.6 million at 31 December 2023G (a 35.2% decline over 31 December 2022G) as a result of a decline in the net book value of property, plant and equipment and right-of-use assets by SAR 40.7 thousand and SAR 276.8 thousand, respectively.

Non-current assets subsequently increased to SAR 12.7 million at 31 December 2024G mainly driven by the increase in investments in equity instruments at fair value through profit or loss during 2024G.

Non-current assets increased to SAR 18.1 million at 30 June 2025G (a 42.8% increase over 31 December 2024G)

mainly due to Property, plant and equipment of GSC Solutions amounting to SAR 5.2 million.

6.6.2.2.1 Property, plant and equipment – net

The following table compares the property, plant and equipment as at 31 December 2022G, 2023G, and 2024G and 30 June 2025G.

Table (6.21): Property, plant and equipment as at 31 December 2022G, 2023G and 2024G, and 30 June 2025G:

Currency: SAR'000	31 December 2022G	31 December 2023G	31 December 2024G	Variance (2022G-2023G)	Variance (2023G-2024G)	30 June 2025G	Variance (31 December 2024G-30 June 2025G)
Cost:							
Balance at the beginning of the year	1,035.7	1,163.5	1,238.0	12.3%	6.4%	1,357.7	9.7%
Additions due to acquisitions	-	-	-	-	-	10,830.2	100.0%

Currency: SAR'000	31 December 2022G	31 December 2023G	31 December 2024G	Variance (2022G-2023G)	Variance (2023G-2024G)	30 June 2025G	Variance (31 December 2024G-30 June 2025G)
Additions during the year	127.8	74.5	119.5	(41.7%)	60.4%	45.3	(62.1%)
Balance at the end of the year	1,163.5	1,238.0	1,357.7	6.4%	9.7%	12,233.2	801.0%
Accumulated depreciation:							
Balance at the beginning of the year	646.4	732.6	847.8	13.3%	15.7%	968.1	14.2%
Additions due to acquisitions	-	-	-	-	-	5,125.4	100.0%
Depreciation for the year	86.2	115.2	120.2	33.6%	4.3%	587.0	388.4%
Balance at the end of the year	732.6	847.8	968.1	15.7%	14.2%	6,680.5	590.1%
Net book value	430.9	390.2	389.5	(9.4%)	(0.2%)	5,552.7	1325.2%

Source: Audited financial statements for the financial years ended 31 December 2023G, 31 December 2024G, Unaudited financial statements for the six-month periods ended 30 June 2024G and 30 June 2025G

The following table compares the net book value ("NBV") of property, plant and equipment as at 31 December 2022G, 2023G, and 2024G and 30 June 2025G.

Table (6.22): Net book value of property, plant and equipment as at 31 December 2022G, 2023G and 2024G, and 30 June 2025G:

Currency: SAR'000	31 December 2022G	31 December 2023G	31 December 2024G	Variance (2022G-2023G)	Variance (2023G-2024G)	30 June 2025G	Variance (31 December 2024G-30 June 2025G)
Building	-	-	-	N/A	N/A	4,162.7	100.0%
Machinery	-	-	-	N/A	N/A	884.9	100.0%
Furniture and fixtures	216.6	209.1	224.6	(3.5%)	7.4%	280.9	25.1%
Office equipment	88.5	101.1	120.6	14.2%	19.3%	141.4	17.2%
Vehicles	125.8	80.0	44.3	(36.4%)	(44.6%)	63.2	42.7%
Equipment & Tools	-	-	-	N/A	N/A	19.6	100.0%
Net book value	430.9	390.2	389.5	(9.4%)	(0.2%)	5,552.7	1325.6%

Source: Audited financial statements for the financial years ended 31 December 2023G, 31 December 2024G, Unaudited financial statements for the six-month periods ended 30 June 2024G and 30 June 2025G

At 31 December 2024G, property, plant and equipment comprised furniture and fixtures (SAR 224.6 thousand), office equipment (SAR 120.6 thousand) and vehicles (SAR 44.3 thousand).

The NBV of property, plant and equipment declined from SAR 430.9 thousand at 31 December 2022G to SAR 390.2 thousand at 31 December 2023G (a 9.4% decline) primarily due to annual depreciation charges of SAR 115.2 thousand, partially offset by additions of SAR 74.5 thousand.

Property, plant and equipment remained relatively stable between 31 December 2023G and 31 December 2024G at SAR 390.2 thousand and SAR 389.5 thousand, respectively.

Property, plant and equipment increased to SAR 5.6 million at 30 June 2025G, due to the acquisition of GSC Solutions whose Property, plant and equipment amounted to SAR 5.2 million mainly related to buildings and machinery, which constituted 80.5% and 17.1%, respectively of GSC Solutions' Property, plant and equipment.

Building

The NBV of building increased from nil to SAR 4.2 million at 30 June 2025G due to warehouse of GSC Solutions constituting the whole of the NBV of the building of the Company.

Machinery

The NBV of building increased from nil to SAR 884.9 thousand at 30 June 2025G due to machinery of GSC Solutions constituting the whole of the NBV of the Company's machinery.

Furniture and fixtures

The NBV of furniture and fixtures declined from SAR 216.6 thousand at 31 December 2022G to SAR 209.1 thousand at 31 December 2023G (a 3.5% decline) driven by the depreciation charge for the year of SAR 28.3 thousand, partially offset by additions of SAR 20.8 thousand during the year relating to multiple desks and chairs for the Company's office.

Furniture and fixtures subsequently increased to SAR 224.6 thousand at 31 December 2024G (a 7.4% increase over 31 December 2023G) driven by additions of SAR 65.9 thousand relating to chairs, desks and other miscellaneous furniture, partially offset by the annual depreciation charge for 2024G of SAR 50.4 thousand.

Furniture and fixtures further increased to SAR 280.9 thousand at 30 June 2025G (a 25.1% increase over 31 December 2024G) driven mainly by furniture and fixture of GSC Solutions of SAR 69.0 thousand.

Office equipment

Office equipment's net book value increased year-on-year from SAR 88.5 thousand at 31 December 2022G to SAR 101.1 thousand at 31 December 2023G and further to SAR 120.6 thousand at 31 December 2024G driven by additions of SAR 53.8 thousand in 2023G and SAR 53.7 thousand in 2024G.

These additions during 2023G and 2024G related to various laptops, monitors, desktops and other computer peripherals.

The year-on-year increase in the NBV of office equipment was partially offset by the annual depreciation charge in 2023G and 2024G (SAR 41.2 thousand and SAR 34.2 thousand, respectively).

Office equipment's net book value further increased from SAR 120.6 thousand at 31 December 2024G to SAR 141.4 thousand at 30 June 2025G driven by additions of SAR 41.0 thousand in six-month period ended 30 June 2025G and office equipment of GSC Solutions amounting to SAR 6 thousand as at 30 June 2025G which was partially offset by depreciation charge of SAR 27 thousand during six-month period ended 30 June 2025G.

Vehicles

The NBV of vehicles declined year-on-year from SAR 125.8 thousand at 31 December 2022G to SAR 80.0 thousand at 31 December 2023G and further to SAR 44.3 thousand at 31 December 2024G solely driven by the annual depreciation charge for 2023G and 2024G which amounted to SAR 45.7 thousand and SAR 35.6 thousand, respectively.

The NBV of vehicles increased to SAR 63.2 million at 30 June 2025G (a 42.7% increase over 31 December 2024G) mainly due to the vehicles of GSC Solutions amounting to SAR 30.3 million.

6.6.2.2 Right-of-use assets and lease liabilities

The following table compares the right-of-use assets as at 31 December 2022G, 2023G, and 2024G and 30 June 2025G.

Table (6.23): Right-of-use assets as at 31 December 2022G, 2023G and 2024G, and 30 June 2025G:

Currency: SAR'000	31 December 2022G	31 December 2023G	31 December 2024G	Variance (2022G- 2023G)	Variance (2023G- 2024G)	30 June 2025G	Variance (31 December 2024G-30 June 2025G)
Cost:							
Balance at the beginning of the year	-	670.5	670.5	100.0%	-	957.6	42.8%
Additions due to acquisitions	-	-	-	-	-	563.0	100.0%
Additions during the year	670.5	-	287.1	(100.0%)	100.0%	-	(100.0%)
Disposals	-	-	-	-	-	(175.6)	100.0%
Balance at the end of the year	670.5	670.5	957.6	-	42.8%	1,345.0	40.5%

Currency: SAR'000	31 December 2022G	31 December 2023G	31 December 2024G	Variance (2022G-2023G)	Variance (2023G-2024G)	30 June 2025G	Variance (31 December 2024G-30 June 2025G)
Accumulated depreciation:							
Accumulated balance at the beginning of the year	-	200.1	476.9	100.0%	138.3%	693.9	45.5%
Additions due to acquisitions	-	-	-	-	-	110.7	100.0%
Depreciation during the year	200.1	276.8	216.9	38.3%	(21.6%)	49.5	(77.2%)
Disposals	-	-	-	-	-	(28.5)	100.0%
Balance at the end of the year	200.1	476.9	693.8	138.3%	45.5%	825.6	19.0%
Total right-of-use assets	470.4	193.6	263.8	(58.8%)	36.3%	519.4	97.0%

Source: Audited financial statements for the financial years ended 31 December 2023G, 31 December 2024G, Unaudited financial statements for the six-month periods ended 30 June 2024G and 30 June 2025G

The Company's right-of-use assets mainly comprised lease agreements relating to the Company's offices in Jeddah and Riyadh.

The right-of-use asset balance decreased from SAR 0.5 million at 31 December 2022G to SAR 0.2 million at 31 December 2023G (a 58.8% decline) solely driven by depreciation charges of SAR 0.3 million during 2023G.

Right-of-use assets subsequently increased to SAR 0.3 million at 31 December 2024G (a 36.3% increase over 31 December 2023G) mainly due to additions of SAR 287.1 thousand which represented the renewal of the Jeddah and Riyadh head office leases, expiring in 2027G.

The increase in the ROU balance at 31 December 2024G was partially offset by annual depreciation charges of SAR 216.9 thousand in 2024G.

Right-of-use assets increased from SAR 263.8 thousand at 31 December 2024G to SAR 519.4 thousand at 30 June 2025G mainly due to ROU relating to GSC Solutions' warehouse and land lease amounting to SAR 438 thousand at 30 June 2025G. The increase in the ROU balance at 30 June 2025G was partially offset by annual depreciation charges of SAR 49.5 thousand in six-month period ended 30 June 2025G.

The following table compares the lease liabilities as at 31 December 2022G, 2023G, and 2024G and 30 June 2025G.

Table (6.24): Lease liabilities as at 31 December 2022G, 2023G and 2024G, and 30 June 2025G:

Currency: SAR'000	31 December 2022G	31 December 2023G	31 December 2024G	Variance (2022G-2023G)	Variance (2023G-2024G)	30 June 2025G	Variance (31 December 2024G-30 June 2025G)
Balance at the beginning of the year	-	434.8	163.8	100.0%	(62.3%)	240.4	46.8%
Additions due to acquisitions	-	-	-	-	-	442.3	100.0%
Additions to lease liabilities during the year	670.6	-	287.1	(100.0%)	100.0%	-	(100.0%)
Lease liability interest	14.1	10.4	5.7	(26.2%)	(45.2%)	12.8	124.6%
Disposals	-	-	-	-	-	(148.5)	100.0%
Lease liabilities paid	(249.9)	(281.4)	(216.2)	12.6%	(23.2%)	(20.0)	(90.7%)
Balance at the end of the year	434.8	163.8	240.4	(62.3%)	46.8%	527.0	119.2%

Source: Audited financial statements for the financial years ended 31 December 2023G, 31 December 2024G, Unaudited financial statements for the six-month periods ended 30 June 2024G and 30 June 2025G

The Company's total lease liabilities (comprising current and non-current portions) related to the Company's right-of-use assets.

Total lease liabilities declined from SAR 434.8 thousand at 31 December 2022G to SAR 163.8 thousand at 31 December 2023G (a 62.3% decline over 31 December 2022G) due to lease rental payments for the Company's offices amounting to SAR 281.4 thousand during 2023G.

Total lease liabilities subsequently increased to SAR 240.4 thousand at 31 December 2024G (a 46.8% increase over 31 December 2023G) mainly driven by additions following the renewal of the Jeddah and Riyadh head office leases.

This increase at 31 December 2024G was partially offset by lease payments made during 2024G of SAR 216.2 thousand.

Total lease liabilities further increased to SAR 527.0 thousand at 30 June 2025G (a 119.2% increase over 31 December 2024G) mainly driven by due to lease liabilities of GSC Solutions amounting to SAR 451.3 thousand for the warehouse land lease.

6.6.2.2.3 Investments in equity instruments at fair value through profit or loss

The Company's investments in equity instruments at fair value through profit or loss related to an investment amount of SAR 12.0 million allocated to the Parent Company, Dar AlBalad Trading Company, for the purposes of investing in Durar Al Qimmah Real Estate Company.

During 2024G, the Parent Company transferred the investment to Dar AlBalad Business Solutions Company at fair value.

The Company has subsequently recognized the SAR 12.0 million at 31 December 2024G as a capital investment at fair value and the balance has remained stable at 30 June 2025G.

6.6.2.3 Current liabilities

The following table compares the current liabilities as at 31 December 2022G, 2023G, and 2024G and 30 June 2025G.

Table (6.25): Current liabilities as at 31 December 2022G, 2023G and 2024G, and 30 June 2025G:

Currency: SAR'000	31 December 2022G	31 December 2023G	31 December 2024G	Variance (2022G-2023G)	Variance (2023G-2024G)	30 June 2025G	Variance (31 December 2024G-30 June 2025G)
Short-term loans	-	9,427.0	-	100.0%	(100.0%)	-	-
Trade payables	123.4	2,784.4	974.9	2,156.4%	(65.0%)	1,705.4	74.9%
Due to relate parties	-	173.6	-	100.0%	(100.0%)	418.3	100.0%
Other payables	4,371.7	6,750.9	11,037.4	54.4%	63.5%	9,763.4	(11.5%)
Lease liabilities - current portion	271.0	163.8	137.4	(39.6%)	(16.1%)	29.2	(78.7%)
Provision for estimated Zakat	1,362.7	2,119.9	2,919.8	55.6%	37.7%	2,029.0	(30.5%)
Total current liabilities	6,128.8	21,419.6	15,069.5	249.5%	(29.6%)	13,945.3	(7.5%)

Source: Audited financial statements for the financial years ended 31 December 2023G, 31 December 2024G, Unaudited financial statements for the six-month periods ended 30 June 2024G and 30 June 2025G

The Company's current liabilities mainly comprised other (non-trade) payables, Zakat provisions and short-term loans which contributed, on average, 58.7%, 17.2% and 14.7%, respectively, to total current liabilities across the Historical Period.

Total current liabilities increased from SAR 6.1 million at 31 December 2022G to SAR 21.4 million at 31 December 2023G (a 249.5% increase over 31 December 2022G) primarily driven by increases in short-term loans, trade payables and other payables by SAR 9.4 million, SAR 2.7 million and SAR 2.4 million, respectively.

Total current liabilities subsequently decreased to SAR 15.1 million at 31 December 2024G (a 29.1% decline over 31 December 2023G) primarily driven by the settlement of short-term loans (SAR 9.4 million) and a decline in trade payables (by SAR 1.8 million).

This decline in current liabilities at 31 December 2024G was partially offset by an increase in other payables by SAR 4.3 million.

Total current liabilities further decreased to SAR 13.9 million at 30 June 2025G (a 7.5% decline over 31 December 2024G) primarily driven by the decrease in other payables from SAR 11.0 million at 31 December 2024G to SAR 9.8 million at 30 June 2025G and the decrease in provision for Zakat by SAR 890.8 thousand at 30 June 2025G.

This decline in current liabilities at 30 June 2025G was partially offset by an increase in trade payables by SAR 730.5 thousand.

6.6.2.3.1 Short-term loans

The following table compares the short-term loans as at 31 December 2022G, 2023G, and 2024G and 30 June 2025G.

Table (6.26): Short-term loans as at 31 December 2022G, 2023G and 2024G, and 30 June 2025G:

Currency: SAR'000	31 December 2022G	31 December 2023G	31 December 2024G	Variance (2022G-2023G)	Variance (2023G-2024G)	30 June 2025G	Variance (31 December 2024G-30 June 2025G)
Saudi Investment Bank	-	4,916.9	-	100.0%	(100.0)%	-	-
Saudi National Bank	-	4,510.1	-	100.0%	(100.0)%	-	-
Total short-term loans	-	9,427.0	-	100.0%	(100.0)%	-	-

Source: Audited financial statements for the financial years ended 31 December 2023G, 31 December 2024G, Unaudited financial statements for the six-month periods ended 30 June 2024G and 30 June 2025G

Short-term loans of SAR 9.4 million at 31 December 2023G related to credit facilities obtained from the Saudi Investment Bank ("SAIB") (SAR 4.9 million) and the Saudi National Bank ("SNB") (SAR 4.5 million).

These credit facilities were obtained in order to finance performance guarantees for the Company's projects.

These credit facilities were obtained during 2023G and fully settled by the Company during 2024G.

6.6.2.3.2 Trade payables

The following table compares the trade payables ageing as of 31 December 2022G, 31 December 2023G, 31 December 2024G, and the six-month period ending 30 June 2025G.

Table (6.27): Trade payables ageing as of 31 December 2022G, 31 December 2023G, 31 December 2024G, and the six-month period ending 30 June 2025G.

Currency: SAR'000	31 December 2022G	31 December 2023G	31 December 2024G	Variance (2022G-2023G)	Variance (2023G-2024G)	30 June 2025G	Variance (31 December 2024G-30 June 2025G)
From 1 to 122 days	105.8	798.8	891.4	655.0%	11.6%	752.3	(15.6%)
From 123 to 245 days	-	1,968.1	-	100.0%	(100.0)%	3.3	100.0%
From 246 to 365 days	-	(0.1)	-	100.0%	(100.0)%	180.8	100.0%
From 366 to 487 days	17.6	-	83.0	(100.0)%	100.0%	(8.4)	(110.1%)
Over than 487 days	-	17.6	0.5	100.0%	(97.2)%	777.4	155,380.0%
Total trade payables	123.4	2,784.4	974.9	2,156.4%	(65.0)%	1,705.4	74.9%

Source: Company Information

Trade payable balances during the Historical Period were predominantly associated with medical insurance providers, consultancy services, and travel agency services.

Trade payables increased from SAR 0.1 million at 31 December 2022G to SAR 2.8 million at 31 December 2023G primarily driven by the increase in payables to Tawuniya as the Company settled its dues before the year end in 2022G (ultimately resulting in a higher payable balance at 31 December 2023G as these balances were still not settled at year end).

Trade payables subsequently declined to SAR 1.0 million at 31 December 2024G (a 65.0% decline over 31 December 2023G) mainly due to the payables balance of Tawuniya being recognized as accrued expenses within other trade payables (rather than trade payables) due to the invoice not being received at the year end.

This decline in trade payables at 31 December 2024G was partially offset by an increase in payables related to engineering services which had a balance of SAR 812.8 thousand at 31 December 2024G (nil at 31 December 2023G).

Trade payables increased to SAR 1.7 million at 30 June 2025G (a 74.9% increase over 31 December 2024G) mainly due to trade payable balances associated with chemical suppliers of GSC Solutions amounting to SAR 1.1 million at 30 June 2025G.

6.6.2.3.3 Other payables

The following table compares other payables as at 31 December 2022G, 2023G, and 2024G and 30 June 2025G.

Table (6.28): Other payables as at 31 December 2022G, 2023G and 2024G, and 30 June 2025G:

Currency: SAR'000	31 December 2022G	31 December 2023G	31 December 2024G	Variance (2022G-2023G)	Variance (2023G-2024G)	30 June 2025G	Variance (31 December 2024G-30 June 2025G)
VAT payables	2,100.0	5,167.0	7,934.1	146.0%	53.6%	4,399.7	(44.5%)
Accrued expenses	89.0	91.5	2,251.1	2.8%	2,360.2%	1,847.9	(17.9%)
Social insurance	277.7	385.1	483.2	38.7%	25.5%	602.6	24.7%
Accrued salaries, wages, and bonuses	1,615.8	1,074.6	309.2	(33.5%)	(71.2%)	2,301.8	644.4%
Advance payments from customers	277.7	-	47.0	(100.0%)	100.0%	93.5	98.9%
Withholding tax	11.5	32.7	12.8	184.3%	(60.9%)	-	(100.0%)
Due to third parties	-	-	-	-	-	517.9	100.0%
Total other payables	4,371.7	6,750.9	11,037.4	54.4%	63.5%	9,763.4	(11.5%)

Source: Audited financial statements for the financial years ended 31 December 2023G, 31 December 2024G, and Company Information

Other payables mainly comprised VAT payables, accrued salaries, wages and bonuses and other accrued expenses which contributed, on average, 65.5%, 18.6% and 7.9%, respectively, to total other payables across the Historical Period.

Other payables increased from SAR 4.4 million at 31 December 2022G to SAR 6.8 million at 31 December 2023G (a 184.3% increase over 31 December 2022G) primarily driven by the increase in VAT payables by SAR 3.1 million.

This increase in other payables at 31 December 2023G was partially offset by a decline in accrued salaries, wages and bonuses and advance payments from customers by SAR 0.5 million and SAR 0.3 million, respectively.

Total other payables further increased to SAR 11.0 million at 31 December 2024G (a 63.5% increase over 31 December 2023G) mainly due to VAT payables and accrued expenses by SAR 2.8 million and SAR 2.2 million, respectively.

This increase at 31 December 2024G was partially offset by a decline in accrued salaries, wages and bonuses by SAR 0.8 million.

Other trade payables decreased by SAR 1.3 million from SAR 11.0 million at 31 December 2024G to SAR 9.8 million at 30 June 2025G primarily due to the decrease in VAT payable by SAR 3.5 million. This decrease was partially offset by the increase in accrued salaries, wages and bonuses by SAR 2.0 million mainly due to the completion of the Government Related Entity -2 contract which resulted in a delay in salaries for the deployed employees amounting SAR 1.2 million (according to Management, these were settled during the first 15 days of July 2025G).

VAT payables

VAT payables related to the VAT recognized against each invoice issued during each respective year.

The year-on-year increase in VAT payables from SAR 2.1 million at 31 December 2022G to SAR 5.2 million at 31 December 2023G and further to SAR 7.9 million at 31 December 2024G was due to the year-on-year increase in the Company's revenues between 2022G and 2024G.

VAT payables balance decreased from SAR 7.9 million at 31 December 2024G to SAR 4.4 million at 30 June 2025G. The decrease was due to the Company only accounting for VAT at year-end.

Accrued expenses

Accrued expense primarily comprised accrued medical insurance and accrued audit fees.

Accrued expenses remained relatively stable between 31 December 2022G and 31 December 2023G at SAR 89.0 thousand and SAR 91.5 thousand, respectively before increasing to SAR 2.3 million at 31 December 2024G.

The increase in accrued expenses at 31 December 2024G was primarily driven by accrued medical insurance (SAR 2.1 million) resulting from the delays in the Company receiving the quarterly invoice from Tawuniya (which were recognized within trade payables in the prior year).

Accrued expense decreased to SAR 1.8 million at 30 June 2025G (a 17.9 % decrease over 31 December 2024G) primarily due to the receipt of audit fees invoice of SAR 270 thousand from Talal Abu-Ghazaleh prior to quarter-end.

Social insurance

Social insurance related to payables to the General Organization for Social Insurance ("GOSI") for employees under the Company's sponsorship and are calculated as 21.5% of basic salaries and housing allowance for each Saudi employees and 2.0% for non-Saudi employees.

The year-on-year increase in social insurance from SAR 277.7 thousand at 31 December 2022G to SAR 385.1 thousand at 31 December 2023G and further to SAR 483.2 thousand at 31 December 2024G was due to the year-on-year increase in the average employee headcount (512 employees in 2022G, 636 employees in 2023G and 771 employees in 2024G).

Social insurance increased from SAR 483 thousand at 31 December 2024G to SAR 603 thousand at 30 June 2025G primarily due to the increase in the number of deployed employees from 692 at 31 December 2024G to 795 at 30 June 2025G.

Accrued salaries, wages and bonuses

Accrued salaries, wages, and bonuses pertain to employees who have not yet received their respective payments. The balance during the Historical Period primarily related to new expats who are compensated in cash, as they have not yet opened bank accounts in KSA.

The year-on-year decrease in accrued salaries, wages, and bonuses from SAR 1.6 million at 31 December 2022G to SAR 1.1 million at 31 December 2023G and further to SAR 0.3 million at 31 December 2024G was due to progressively earlier settlements made to employees in each subsequent year.

Accrued salaries, wages, and bonuses increased from SAR 309.2 thousand at 31 December 2024G to SAR 2.3 million at 30 June 2025G mainly due to (i) the completion of Government Related Entity -2 contract which resulted a delay in salary payments for the deployed employees amounting to SAR 1.2 million which was settled during the first 15 days of July 2025G, (ii) late timesheet submissions by the employees, noting that as at 31 December 2024G the Company encouraged the employees to submit the timesheet before year-end, and (iii) the increase in number of deployed employees from 769 employees at 31 December 2024G to 855 employees at 30 June 2025G.

Advance payments from customers

Advance payments from customers are requested from certain customers based on the Company's discretion.

The fluctuation in advance payments from customers across the Historical Period (SAR 277.7 thousand at 31 December 2022G, nil at 31 December 2023G and SAR 47.0 thousand at 31 December 2024G) related to the timing of when these advanced balances were cleared.

The increase in advance from customer balances to SAR 93.5 thousand at 30 June 2025G (a 98.9 % increase over 31 December 2024G) was related to advances from GSC Solutions' customers.

Withholding tax

Withholding tax related to external labor technicians which are based outside KSA and have their salaries and benefits transferred to their respective bank accounts outside the Kingdom of Saudi Arabia.

The fluctuations in the withholding tax balance across the Historical Period (SAR 11.5 thousand at 31 December 2022G, SAR 32.7 thousand at 31 December 2023G and SAR 12.8 thousand at 31 December 2024G) was due to the timing of withholding tax settlements made by the Company.

The decrease in withholding tax to nil at 30 June 2025G due to the settlements made.

6.6.2.3.4 Provision for estimated Zakat

The following table compares the provision for estimated Zakat as at 31 December 2022G, 2023G, and 2024G and 30 June 2025G.

Table (6.29): Provision for estimated Zakat as at 31 December 2022G, 2023G and 2024G, and 30 June 2025G:

Currency: SAR'000	2022G	2023G	2024G	Variance (2022G- 2023G)	Variance (2023G- 2024G)	30 June 2025G	Variance (31 December 2024G-30 June 2025G)
Balance at the beginning of the year	880.4	1,362.7	2,119.9	54.8%	55.6%	2,919.8	37.7%
Addition due to acquisition	-	-	-	-	-	499.5	100.0%
Provision charge for the year	1,362.8	2,059.5	2,859.6	51.1%	38.8%	1,942.1	(32.1%)
Payments during the year	(880.5)	(1,302.3)	(2,059.7)	47.9%	58.2%	(3,332.4)	61.8%
Balance at the end of the year	1,362.7	2,119.9	2,919.8	55.6%	37.7%	2,029.0	(30.5%)

Source: Audited financial statements for the financial years ended 31 December 2023G, 31 December 2024G, Unaudited financial statements for the six-month periods ended 30 June 2024G and 30 June 2025G

The provision for estimated Zakat increased year-on-year between 31 December 2022G and 31 December 2024G (SAR 1.4 million at 31 December 2022G, SAR 2.1 million at 31 December 2023G and SAR 2.9 million at 31 December 2024G) was driven by the additional provision charge for each respective year (SAR 2.1 million in 2023G and SAR 2.9 million at 31 December 2024G).

This excess provision was partially offset by Zakat payments made to the Zakat, Tax and Customs Authority ("ZATCA") in 2023G and 2024G (SAR 1.3 million and SAR 2.1 million, respectively).

The provision for Zakat decreased to SAR 2.0 million at 30 June 2025G (a 30.5% decrease over 31 December 2024G) was mainly due to payments made to ZATCA amounting to SAR 3.3 million during the six-months period ended 30 June 2025G. This was partially offset by the provision charge for the six-month period ended 30 June 2025G amounting to SAR 1.9 million and consolidation of GSC Solutions whose Zakat provision amounted to SAR 499.5 thousand at 31 December 2024G.

6.6.2.4 Non-current liabilities

The following table compares the non-current liabilities as at 31 December 2022G, 2023G, and 2024G and 30 June 2025G.

Table (6.30): Non-current liabilities as at 31 December 2022G, 2023G and 2024G, and 30 June 2025G:

Currency: SAR'000	31 December 2022G	31 December 2023G	31 December 2024G	Variance (2022G- 2023G)	Variance (2023G- 2024G)	30 June 2025G	Variance (31 December 2024G-30 June 2025G)
Lease liabilities - non-current portion	163.8	-	103.0	(100.0%)	N/A	497.8	383.3%
Long-term employee benefits obligations	7,564.1	10,558.2	10,015.1	39.6%	(5.1%)	11,216.0	12.0%
Total non-current liabilities	7,727.9	10,558.2	10,118.1	36.6%	(4.2%)	11,713.8	15.8%

Source: Audited financial statements for the financial years ended 31 December 2023G, 31 December 2024G, Unaudited financial statements for the six-month periods ended 30 June 2024G and 30 June 2025G

The Company's non-current liabilities mainly comprised long-term employee benefit obligations (SAR 7.6 million at 31 December 2022G, SAR 10.6 million at 31 December 2023G and SAR 10.0 million at 31 December 2024G).

Non-current liabilities increased from SAR 7.7 million at 31 December 2022G to SAR 10.6 million at 31 December 2023G before declining to SAR 10.1 million at 31 December 2024G mainly attributed to the movement in the Company's long-term employee benefit obligations.

Non-current liabilities further increased to SAR 11.7 million at 30 June 2025G mainly attributed to the increase in the Company's long-term employee benefit obligations.

6.6.2.4.1 Long-term employee benefits obligations

The following table compares the long-term employee benefits obligations as at 31 December 2022G, 2023G, and 2024G and 30 June 2025G.

Table (6.31): Long-term employee benefits obligations as at 31 December 2022G, 2023G and 2024G, and 30 June 2025G:

Currency: SAR'000	2022G	2023G	2024G	Variance (2022G- 2023G)	Variance (2023G- 2024G)	30 June 2025G	Variance (31 December 2024G-30 June 2025G)
Balance at the beginning of the year	7,098.2	7,564.1	10,558.2	6.6%	39.6%	10,891.8	3.2%
Service cost charged	1,723.8	1,966.0	3,253.7	14.1%	65.5%	860.0	(73.6%)
Interest expense	158.0	158.0	463.2	-	193.2%	-	(100.0%)
Paid during the year	(1,487.5)	(98.2)	(1,613.1)	(93.4%)	1,542.7%	(535.8)	(66.8%)
Actuarial gains (losses)	71.6	968.3	(2,646.9)	1,252.4%	(373.4%)	-	(100.0%)
Balance at the end of the year	7,564.1	10,558.2	10,015.1	39.6%	(5.1%)	11,216.0	12.0%

Source: Audited financial statements for the financial years ended 31 December 2023G, 31 December 2024G, and Company Information

DABS operates a defined benefit plan in line with the labor law requirement in KSA, whereby the Company maintains a liability for end-of-service benefits ("**EOSB**") for all employees under its sponsorship.

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. The Company's benefit payment obligation is met when they fall due upon termination of employment.

Under IFRS, this liability is based on actuarial valuation reports, which involve the use of assumptions (such as future salary increases, mortality rates, and discount rates). These assumptions are reviewed by the at each year-end.

The Company's EOSB calculation is prepared by Paragon Actuarial at the Group level (ADDAR Group), after which the respective EOSB results are allocated to each entity within the group.

The increase in EOSB from SAR 7.6 million at 31 December 2022G to SAR 10.6 million at 31 December 2023G (a 39.6% increase) was primarily driven by the increase in the average number of employees from 512 employees in 2022G to 636 employees in 2023G, coupled with lower EOSB paid out in 2022G (SAR 1.5 million in 2022G as compared to SAR 0.1 million in 2023G) as a result of higher employee turnover during 2022G as compared to 2023G.

At 31 December 2024G, EOSB decreased to SAR 10.0 million (a 5.1% decline over 31 December 2023G), mainly due to (i) actuarial gains of SAR 2.6 million following the adjustment of salary increments within the actuarial study from 4.75% in 2023G to 1.5% in 2024G, and (ii) payments of SAR 1.6 million to employees who left the Company during 2024G.

This decline in EOSB at 31 December 2024G was partially offset by the increase in EOSB service cost change from SAR 2.0 million in 2023G to SAR 3.3 million in 2024G, driven by the increase in average employee headcount from 636 employees in 2023G to 770 employees in 2024G.

EOSB increased from SAR 10.0 million at 31 December 2024G to SAR 11.2 million at 30 June 2025G mainly due to GSC Solutions' long-term employee benefit obligations amounting to SAR 936.7 thousand at 30 June 2025G.

6.6.2.5 Related party information

The following table compares the due from related party balances as at 31 December 2022G, 2023G, and 2024G and 30 June 2025G.

Table (6.32): Due from related party as at 31 December 2022G, 2023G and 2024G, and 30 June 2025G:

Currency: SAR'000	31 December 2022G	31 December 2023G	31 December 2024G	Variance (2022G- 2023G)	Variance (2023G- 2024G)	30 June 2025G	Variance (31 Decem- ber 2024G- 30 June 2025G)
International Company for Manufacturing Industries	755.9	945.8	323.3	25.1%	(65.8%)	27.6	(91.5%)
Aldar Chemicals Company	165.7	320.0	170.0	93.1%	(46.9%)	-	(100.0%)
Dar Al Arab Industrial Consulting Office	62.1	54.7	72.8	(11.9%)	33.1%	-	(100.0%)
International Chemical Industries Company	335.1	-	39.1	(100.0%)	100.0%	-	(100.0%)
Dar AlBalad Trading Company	16,292.6	614.0	20.0	(96.2%)	(96.7%)	2,985.8	14,829.0%
Dar AlBalad Contracting and Operation Company	670.1	-	20.0	(100.0%)	100.0%	-	(100.0%)
Diesel Equipment Company	25.0	13.2	1.8	(47.2%)	(86.4%)	12.8	611.1%
Direct Energy Company	78.7	43.8	0.5	(44.3%)	(98.9%)	41.1	8,120.0%
Al Rafeaa Chemicals Company	554.2	554.3	-	-	(100.0%)	-	-
Saudi Tunisian Electricity and Gas Company	523.6	284.8	-	(45.6%)	(100.0%)	-	-
Dar Chem Group Company	164.9	154.9	-	(6.1%)	(100.0%)	-	-
International Thermal Chemicals Company	59.0	109.1	-	84.9%	(100.0%)	-	-
GSC Solutions Company (Formerly known as Global Specialized Chemicals Company)	307.6	-	-	(100.0%)	-	-	-
Vala Agricultural Company	64.0	-	-	(100.0%)	-	-	-
Abdullah bin Salamah Real Estate Corporation	9.4	-	-	(100.0%)	-	-	-
Najm Investment Company	8.9	-	-	(100.0%)	-	-	-
Bassam bin Salamah	1.3	-	-	(100.0%)	-	-	-
Total due from related parties	20,078.1	3,094.6	647.5	(84.6%)	(79.1%)	3,067.3	373.7%

Source: Audited financial statements for the financial years ended 31 December 2023G, 31 December 2024G, Unaudited financial statements for the six-month periods ended 30 June 2024G and 30 June 2025G

Across the Historical Period, the Company has conducted several financing transactions with Dar Al Balad Trading Company (the Parent Company) which were in the form of interest free, three-month duration, financing agreements. The Company no longer has any financing transactions with related parties and has settled all related due balances. This is also the case of commercial financing transactions which historically related to miscellaneous invoices paid on behalf of related parties.

Due from related parties decreased year-on-year from SAR 20.1 million at 31 December 2022G to SAR 3.1 million at 31 December 2023G and then to SAR 0.6 million at 31 December 2024G driven by the Company's efforts in reducing transactions with related parties following its plans to pursue an IPO.

At 30 June 2025G, balances due from related parties increased by SAR 2.4 million mainly due to the Company allocating IPO related expenses to the parent company (SAR 3.0 million at 30 June 2025G) as the shareholders will be responsible for the IPO expenses on behalf of the Company. This increase was partially offset by (i) the receipt of SAR 296 thousand from Global Company for Downstream Industries as the Company has reduced its dependence on related parties in light of the plans to pursue an initial public offering in 2025G, and (ii) a decrease of SAR 209 thousand related to Addar Chemicals Company and Global Company for Chemical Industries, which were previously classified under due to related parties but have been disposed of by the Addar Group and are no longer considered related parties.

All related party balances at 30 June 2025G were considered operational and trading in nature.

The following table compares the loan from related party - owner balance as at 31 December 2022G, 2023G, and 2024G and 30 June 2025G.

Table (6.33): Loan from related party – owner as at 31 December 2022G, 2023G and 2024G, and 30 June 2025G:

Currency: SAR'000	31 December 2022G	31 December 2023G	31 December 2024G	Variance (2022G-2023G)	Variance (2023G-2024G)	30 June 2025G	Variance (31 December 2024G-30 June 2025G)
Dar AlBalad Trading Company	-	12,000	-	100.0%	(100.0%)	-	N/A
Total loan from related party – owner	-	12,000	-	100.0%	(100.0%)	-	N/A

Source: Audited financial statements for the financial years ended 31 December 2023G, 31 December 2024G, Unaudited financial statements for the six-month periods ended 30 June 2024G and 30 June 2025G

The loan from related party balance of SAR 12.0 million at 31 December 2023G was related to an investment amount of SAR 12.0 million allocated to the Parent Company, Dar AlBalad Trading Company.

The company granted the parent company the amount of SAR 12.0 million to contribute to the purchase and development of a plot of land. This amount was treated as a loan due from the parent company. Subsequently, the parent company, along with others, established a limited liability company to purchase that land. On 29 October 2024G, the parties agreed to settle the loan in exchange for the company obtaining direct shares in the company that was established. The amount was treated as investments in equity instruments at fair value through profit or loss.

An impairment assessment was not conducted during 2024G, as less than 12 months have elapsed since the investment was made.

The following table compares the due to related party balances as at 31 December 2022G, 2023G, and 2024G and 30 June 2025G.

Table (6.34): Due to related party as at 31 December 2022G, 2023G and 2024G, and 30 June 2025G:

Currency: SAR'000	31 December 2022G	31 December 2023G	31 December 2024G	Variance (2022G-2023G)	Variance (2023G-2024G)	30 June 2025G	Variance (31 December 2024G-30 June 2025G)
Aldar Chemicals Company	-	-	-	N/A	N/A	-	-
Dar Al Arab Industrial Consulting Office	-	-	-	N/A	N/A	297.5	100.0%
Dar Al Balad Trading Company	-	-	-	N/A	N/A	-	-
Dar AlBalad Contracting and Operation Company	-	173.6	-	N/A	(100.0%)	120.8	100.0%
Total due to related party	-	173.6	-	100.0%	(100.0%)	418.3	100.0%

Source: Audited financial statements for the financial years ended 31 December 2023G, 31 December 2024G, Unaudited financial statements for the six-month periods ended 30 June 2024G and 30 June 2025G

Due to related parties amounted to SAR 173.6 thousand at 31 December 2023G and related to Dar AlBalad for Maintenance and Operation for expenses settled by Dar AlBalad for Maintenance and Operation on behalf of DABS.

This balance was fully cleared during 2024G.

Due to related parties amounted to SAR 418.3 thousand at 30 June 2025G primarily related to SAR 120.8 thousand to Aldar Chemicals Company for purchases of chemicals, and SAR 297.5 thousand to Dar Al Arab Industrial Consulting Office for support services.

6.6.2.6 Equity

The following table compares the Company's equity as at 31 December 2022G, 2023G, and 2024G and 30 June 2025G.

Table (6.35): Equity as at 31 December 2022G, 2023G and 2024G, and 30 June 2025G:

Currency: SAR'000	31 December 2022G	31 December 2023G	31 December 2024G	Variance (2022G- 2023G)	Variance (2023G- 2024G)	30 June 2025G	Variance (31 December 2024G-30 June 2025G)
Capital	1,000.0	1,000.0	50,000.0	-	4,900.0%	70,000.0	40.0%
Additional capital contributions	14,217.2	-	10,000.0	(100.0%)	100.0%	21,839.6	118.4%
Statutory reserve	300.0	300.0	4,260.8	-	1,320.3%	-	(100.0%)
Retained earnings	35,965.3	56,118.3	40,412.4	56.0%	(28.0%)	59,425.7	47.0%
Total equity	51,482.5	57,418.3	104,673.2	11.5%	82.3%	151,265.3	44.5%

Source: Audited financial statements for the financial years ended 31 December 2023G, 31 December 2024G, Unaudited financial statements for the six-month periods ended 30 June 2024G and 30 June 2025G

At 31 December 2024G, the Company's equity comprised its share capital (SAR 50.0 million), additional capital contributions (SAR 10.0 million), statutory reserve (SAR 4.3 million) and retained earnings (SAR 40.4 million).

The Company's equity increased from SAR 51.5 million at 31 December 2022G to SAR 57.4 million at 31 December 2023G (an 11.5% increase) primarily driven by the profit generated by the Company during 2023G of SAR 32.5 million partially offset by a decline in additional capital contributions by SAR 14.2 million.

The Company's equity further increased to SAR 104.7 million at 31 December 2024G (an 82.1% increase over 31 December 2023G) driven by additional capital contributions of SAR 10.0 million and the comprehensive income generated of SAR 42.3 million during 2024G.

The Company's equity further increased to SAR 151.3 million at 30 June 2025G (a 44.5% increase over 31 December 2024G) driven by acquisition of GSC Solutions' equity amounting to SAR 21.8 million and comprehensive income generated of SAR 24.8 million.

Capital

At 31 December 2024G, the Company increased its share capital from SAR 1.0 million (at 31 December 2022G and 31 December 2023G) to SAR 50.0 million as a result of the transfer of SAR 49.0 million from its retained earnings to its share capital.

The decision to increase the Company's share capital was part of its process to convert from an LLC to a Closed Joint Stock Company ("CJSC") ahead of its planned listing.

At 31 December 2024G, the Company's share capital consists of 50 million shares at SAR 1.0 each.

Capital balance increased by SAR 20.0 million from SAR 50.0 million at 31 December 2024G to SAR 70.0 million at 30 June 2025G due to the transfer of SAR 10.0 million from additional contributions and the transfer of SAR 10.0 million from retained earnings.

Additional capital contributions

Additional capital contributions represent a direct injection of cash from Dar AlBalad Trading Company (the Parent Company) to support business operations.

Additional capital contributions decreased from SAR 14.2 million at 31 December 2022G to nil at 31 December 2023G due to the partial offset of a short-term loan from the Parent Company during 2023G.

At 31 December 2024G, additional capital contributions increased to SAR 10.0 million to support business operations.

The increase by SAR 11.8 million from SAR 10.0 million at 31 December 2024G to SAR 21.8 million at 30 June 2025G was due to the acquisition of GSC Solutions' equity of SAR 21.8 million which was partially offset by transfer of SAR 10.0 million to capital.

Statutory reserve

In accordance with the Regulations for Companies in KSA, the Company is required to transfer 10.0% of profit generated during the year to a statutory reserve until it reaches at least 30.0% of its share capital. This reserve is not available for distribution to the Company's shareholders.

The newly issued Companies law in (i) 2023G made the transfer voluntary and in (ii) 2025G allowed the transfer of statutory reserve to retained earnings.

Statutory reserve decreased from SAR 4.3 million at 31 December 2024G to nil at 30 June 2025G due to the transfer of these reserves to retained earnings based on a Company resolution passed on 12 February 2025G.

Retained earnings

Retained earnings increased from SAR 36.0 million at 31 December 2022G to SAR 56.1 million at 31 December 2023G (a 56.0% increase) driven by the total comprehensive income generated by the Company during 2023G of SAR 31.5 million, partially offset by dividend distributions to the shareholders amounting to SAR 11.3 million.

Retained earnings subsequently declined to SAR 40.4 million at 31 December 2024G (a 28.0% decline over 31 December 2023G) driven by dividend distributions to shareholders amounting to SAR 5.0 million and a transfer from retained earnings to capital (for the purpose of increasing the Company's share capital during the year) of SAR 49.0 million.

This decline at 31 December 2024G was partially offset by the comprehensive income generated by the Company during 2024G (SAR 42.3 million).

The increase in retained earnings to SAR 59.4 million at 30 June 2025G (a 47.0% increase over 31 December 2024G) was driven by the comprehensive income generated by the Company during six-month period ended 30 June 2025G (SAR 24.8 million), coupled with the transfer of statutory reserve of SAR 4.3 million to retained earnings. This increase was partially offset by the transfer of SAR 10.0 million to share capital.

6.6.2.7 Commitments and contingencies

The Company had contingent liabilities for guarantees issued to the Company amounting to SAR 5.1 million at 31 December 2024G (31 December 2023G: 4.0 million; 31 December 2022G: SAR 2.1 million).

6.6.3 Statement of cash flows

The following table presents the Company's statements of cash flows for the financial years ended 31 December 2022G, 2023G and 2024G:

Table (6.36): Statement of cash flows for the financial years ended 31 December 2022G, 2023G, 2024G and six-month periods ended 30 June 2024G and 30 June 2025G:

Currency: SAR'000	31 December 2022G	31 December 2023G	31 December 2024G	Variance (2022G- 2023G)	Variance (2023G- 2024G)	30 June 2024G	30 June 2025G	Variance (Six-month 2024G - Six-month 2025G)
Profit for the year	23,261.7	32,454.2	39,608.1	39.5%	22.0%	17,094.2	24,752.5	44.8%
Adjustments for non-cash income and expense items:								
Depreciation of property, plant, and equipment	86.2	115.2	120.2	33.6%	4.3%	63.1	587.0	830.3%
Employee benefits obligations	1,723.8	1,966.0	3,253.7	14.1%	65.5%	688.3	860.0	24.9%
Depreciation of right-of-use asset	200.1	276.8	216.9	38.3%	(21.6%)	138.4	49.5	(64.2%)

Currency: SAR'000	31 December 2022G	31 December 2023G	31 December 2024G	Variance (2022G- 2023G)	Variance (2023G- 2024G)	30 June 2024G	30 June 2025G	Variance (Six-month 2024G - Six-month 2025G)
Provision for impairment of receivables	1,674.6	619.9	306.0	(63.0%)	(50.6%)	153.0	977.6	539.0%
Estimated Zakat	1,362.8	2,059.5	2,859.6	51.1%	38.8%	1,002.0	1,942.1	93.8%
Financing interest	172.1	168.4	468.9	(2.1%)	178.4%	228.5	138.5	(39.4%)
Realized Gain/loss investment in FV	-	-	-	-	-	209.6	(373.2)	(278.1%)
Unrealized Gain/Loss Investment Fair Value	-	-	-	-	-	(1,828.9)	(471.5)	(74.2%)
Changes in operating assets and liabilities:								
Inventories	-	-	-	-	-	-	676.0	100.0%
Trade receivables	(6,427.5)	(3,833.9)	(18,621.5)	(40.4%)	385.7%	(11,981.0)	(26,938.1)	124.8%
Other receivables	358.0	(3,542.2)	(3,146.7)	(1,089.4%)	(11.2%)	3,680.6	1,850.0	(49.7%)
Due from related parties	(186.1)	(9,233.7)	2,447.1	4,861.7%	(126.5%)	(224.1)	(2,419.8)	979.8%
Unbilled revenue	1,147.0	(11,316.8)	(7,474.5)	(1,086.6%)	(34.0%)	(11,501.0)	(22,493.8)	95.6%
Due to related parties	1,520.4	173.6	(173.6)	(88.6%)	(200.0%)	15,781.4	(351.3)	(102.2%)
Trade payables	42.0	2,661.1	(1,809.4)	6,236.0%	(168.0%)	(2,153.1)	(909.6)	(57.8%)
Other payables	917.8	2,379.2	4,286.5	159.2%	80.2%	(3,531.7)	(3,137.5)	(11.2%)
Cash flow from operations	25,852.9	14,947.3	22,341.3	(42.2%)	49.5%	7,819.3	(25,261.6)	(423.1%)
Defined employee benefits obligations paid	(1,487.5)	(98.2)	(1,613.1)	(93.4%)	1,542.7%	(1,001.4)	(535.8)	(46.5%)
Finance cost paid	-	-	-	-	-	(227.6)	(125.8)	(44.7%)
Estimated Zakat paid	(880.5)	(1,302.3)	(2,059.7)	47.9%	58.2%	(2,059.4)	(3,332.4)	61.8%
Net cash generated from operating activities	23,484.9	13,546.8	18,668.5	(42.3%)	37.8%	4,530.9	(29,255.6)	(745.7%)
Net additions to investment portfolios at fair value through profit or loss	(873.3)	(15,196.4)	3,128.5	1,640.1%	(120.6%)	12,172.3	1,792.3	(85.3%)
Additions to property, plant, and equipment	(127.8)	(74.6)	(119.6)	(41.6%)	60.3%	(20.2)	(45.3)	124.3%
Net cash generated from / (used in) investing activities	(1,001.1)	(15,271.0)	3,008.9	1,425.4%	(119.7%)	12,152.2	1,746.9	(85.6%)
Dividend distributions	(8,000.0)	(11,332.9)	(5,000.0)	41.7%	(55.9%)	-	-	-
Net movement in short-term loans	(5,000.0)	9,427.1	(9,427.0)	(288.5%)	(200.0%)	1,571.7	-	(100.0%)
Net movement in due to related parties	(9,700.0)	-	-	(100.0%)	-	-	-	-
Additional capital contributions	-	-	10,000.0	-	100.0%	-	-	-

Currency: SAR'000	31 December 2022G	31 December 2023G	31 December 2024G	Variance (2022G- 2023G)	Variance (2023G- 2024G)	30 June 2024G	30 June 2025G	Variance (Six-month 2024G - Six-month 2025G)
Operating lease payments	(249.9)	(281.4)	(216.2)	12.6%	(23.2%)	(164.7)	(20.0)	(87.9%)
Net cash used in financing activities	(22,949.9)	(2,187.2)	(4,643.2)	(90.5%)	112.3%	1,407.0	(20.0)	(101.4%)
Net increase / (decrease) in cash and cash equivalents	(466.1)	(3,911.4)	17,034.2	739.2%	(535.5%)	18,090.1	(27,528.7)	(252.2%)
Cash and cash equivalents at the beginning of the year	11,361.8	10,895.7	6,984.3	(4.1%)	(35.9%)	6,984.3	34,918.0	399.9%
Cash and cash equivalents at the end of the year	10,895.7	6,984.3	24,018.5	(35.9%)	243.9%	25,074.4	7,389.3	(70.5%)

Source: Audited financial statements for the financial years ended 31 December 2023G, 31 December 2024G, Unaudited financial statements for the six-month periods ended 30 June 2024G and 30 June 2025G

Net cash generated from operating activities

Net cash generated from operating activities ("CFO") decreased from SAR 23.5 million at 31 December 2022G to SAR 13.5 million at 31 December 2023G mainly driven by the increase in:

- 1- movements in unbilled revenues by SAR 11.3 million in relation to delays in issuing the invoice to customers as a result of longer review times of employee timesheets, namely of Saudi Bank -1 and Government Related Entity -3; and
- 2- movements in the due from related parties balance by SAR 9.2 million due to a SAR 14.2 million decrease in capital contributions, used to settle a short-term loan from the Parent Company. Additionally, an investment of SAR 12.0 million was transferred to the Parent Company, Dar AlBalad Trading Company. This was partially offset by SAR 17.0 million in collections from related parties.

This decline at 31 December 2023G was partially offset by the increase in profits generated during 2023G by SAR 9.2 million (39.5%).

CFO subsequently increased to SAR 18.7 million at 31 December 2024G primarily driven by:

- 1- a SAR 4.3 million increase in other credit balances, mainly relating to a SAR 2.8 million (53.6%) increase in VAT payables;
- 2- an increase in accrued expenses by SAR 2.2 million due to delayed quarterly invoices from Tawuniya; and
- 3- a decrease of SAR 2.4 million in the due from related parties balance, mainly from International Manufacturing Industries Company (SAR 0.6 million) and from Dar Al Balad Trading Company (SAR 0.6 million).

This increase was partially offset by a SAR 1.8 million decline in trade payables, primarily due to the reclassification of Tawuniya's payables to accrued expenses.

Net cashflow (used in) / from operating activities increased from SAR 4.5 million at 30 June 2024G to SAR (29.3) million at 30 June 2025G mainly driven by the increase in:

- 1- increase in trade receivables by SAR 26.9 million in relation to the increase in revenue in six-month period ended 30 June 2025G, compared to the year ended 31 December 2024G and delays in customer invoice settlements; and
- 2- increase in unbilled revenues by SAR 22.5 million in relation to delays in issuing the invoice to customers as a result of longer review times of employee timesheets.

Net cash generated from / (used in) investing activities

The Company's cash flows from investing activities ("CFI") mainly comprised additions to investments at fair value through profit or loss, investments in equity instruments at fair value through profit or loss, and additions to property, plant and equipment.

Cash flows used in investing activities increased from SAR 1.0 million at 31 December 2022G to SAR 15.3 million at 31 December 2023G mainly driven by the investment in Al Bilad Capital Fund by SAR 11.5 million, and the increase in the Company's investments in Yaqeen Capital by SAR 3.7 million.

The Company generated cash flows of SAR 3.0 million from investing activities at 31 December 2024G primarily driven by the withdrawal of SAR 15.1 million from the Company's investments in Al Bilad Capital Fund, partially offset by cash outflows of SAR 12.0 million to the parent company.

The decrease in cash flow generated from investing activities to SAR 1.7 million in 30 June 2025G was mainly driven by the lower withdrawal of investments in Yaqeen Capital (SAR 8.7 million in the six-month period ended 30 June 2025G) compared to SAR 19.0 million in the six-month period ended 30 June 2024G.

Net cash used in financing activities

During the Historical Period, cash flows used in financing activities ("CFF") was primarily driven by dividend distributions, net movement in loans, net movement in the due to related parties, and additional capital contributions.

The decrease in cash used in financing activities from SAR 22.9 million at 31 December 2022G to SAR 2.2 million at 31 December 2023G was mainly driven by proceeds of short-term loans amounting to SAR 9.4 million from the Saudi National Bank, partially offset by dividend distributions of SAR 11.3 million during 2023G.

Cash flows used in financing activities increased to SAR 4.6 million at 31 December 2024G mainly due to the settlement of both credit facilities, and dividend distributions of SAR 5.0 million.

This increase at 31 December 2024G was partially offset by additional capital contributions of SAR 10.0 million, a direct cash injection from Dar AlBalad Trading Company (the Parent Company) to support business operations.

The decrease in cash flows from financing activities from SAR 1.4 million 30 June 2024G to SAR (20 thousand) at 30 June 2025G was mainly driven by payments of finance lease of SAR 20 thousand in 30 June 2025G and a decrease in proceeds of short-term loans from SAR 1.6 million at 30 June 2024G to nil at 30 June 2025G.

6.6.4 Financing structure

The following table presents the capitalization of the Company derived from its audited financial statements for the financial years ended 31 December 2022G, 2023G, and 2024G and 30 June 2025G, noting that the table should be read in conjunction with the relevant financial statements including the notes set out in Section 19 "Financial Statements and the Auditor's Report" of this Prospectus.

Table (6.37): Financing structure for the financial years ended 31 December 2022G, 2023G and 2024G and 30 June 2025G:

Currency: SAR'000	31 December 2022G	31 December 2023G	31 December 2024G	Variance (2022G-2023G)	Variance (2022G-2023G)	30 June 2025G	Variance (2024G-2025G)
Short-term loans	-	9,427.0	-	100.0%	(100.0%)	-	-
Total borrowings	-	9,427.0	-	100.0%	(100.0%)	-	-
Capital	1,000.0	1,000.0	50,000.0	-	4,900.0%	70,000.0	40.0%
Additional capital contributions	14,217.2	-	10,000.0	(100.0%)	100.0%	21,839.6	118.4%
Statutory reserve	300.0	300.0	4,260.8	-	1,320.3%	-	(100.0%)
Retained earnings	35,965.3	56,118.3	40,412.4	56.0%	(28.0%)	59,425.7	47.0%
Total equity	51,482.5	57,418.3	104,673.2	11.5%	82.3%	151,265.3	44.5%
KPIs							
Total capitalization (total borrowings + total equity)	51,482.5	66,845.3	104,673.2	29.8%	56.6%	151,265.3	44.5%
Total borrowings / total capitalization	-	14.1%	-	14.1 ppts	(14.1 ppts)	-	-

Source: Audited financial statements for the financial years ended 31 December 2023G, 31 December 2024G, Unaudited financial statements for the six-month periods ended 30 June 2024G and 30 June 2025G

6.7 Result of Operations of the Subsidiary

6.7.1 Statement of Profit and Loss of the Subsidiary

The following table presents the GSC Solutions' statements of profit and loss for the financial years ended 31 December 2022G, 2023G and 2024G as well as the six-month periods ended 30 June 2024G and 30 June 2025G

Table (6.38): Statement of profit and loss for the financial years ended 31 December 2022G, 2023G and 2024G as well as the six-month periods ended 30 June 2024G and 30 June 2025G:

Currency: SAR'000	2022G	2023G	2024G	Variance (2022G- 2023G)	Variance (2023G- 2024G)	Six-month period ended 30 June 2024G	Six-month period ended 30 June 2025G	Variance (Six-month 2024G - Six-month 2025G)
Revenue	24,144.5	46,032.8	30,651.6	90.7%	(33.4%)	11,684.7	14,130.9	20.9%
Cost of revenue	(17,434.1)	(26,868.5)	(16,853.3)	54.1%	(37.3%)	(4,114.2)	(7,155.2)	73.9%
Gross profit	6,710.4	19,164.3	13,798.3	185.6%	(28.0%)	7,570.5	6,975.7	(7.9%)
General and administrative expenses	(1,891.7)	(1,897.9)	(2,628.0)	64.6%	26.1%	(1,025.9)	(982.7)	(4.2%)
Selling and distribution expenses	(1,239.5)	(2,040.0)	(2,571.7)	0.3%	38.5%	(947.6)	(818.6)	(13.6%)
Impairment loss on trade receivables	(240.6)	(241.4)	(55.1)	0.3%	(77.2%)	-	-	N/A
Operating profit	3,338.6	14,985.0	8,543.5	348.8%	(43.0%)	5,597.0	5,174.4	(7.6%)
Other income	234.7	84.3	85.1	(64.1%)	0.9%	4.0	0.6	(85.0%)
Unrealized gain (loss) on remeasurement securities	(33.5)	47.9	147.5	(243.0%)	207.9%	-	-	N/A
Profit (loss) from stock investment - fair value	-	6.8	199.6	N/A	2,833.8%	327.4	326.2	(0.4%)
Finance charges	(194.6)	(383.2)	(53.8)	96.9%	(86.0%)	(12.2)	(23.2)	90.2%
Income for the year before estimated Zakat	3,345.2	14,740.8	8,921.9	340.7%	(39.5%)	5,916.2	5,478.0	(7.4%)
Estimated Zakat	(346.1)	(634.0)	(483.3)	83.2%	(23.8%)	(252.1)	(200.2)	(20.6%)
Profit for the year	2,999.1	14,106.8	8,438.6	370.4%	(40.2%)	5,664.1	5,277.8	(6.8%)
Key Performance Indicators:								
Gross margin	27.8%	41.6%	45.0%	13.8 ppts	3.4 ppts	64.8%	49.4%	(15.4 ppts)
Operating margin	13.8%	32.6%	27.9%	18.8 ppts	(4.7 ppts)	47.9%	36.6%	(11.3 ppts)
Net profit margin	12.4%	30.6%	27.5%	18.2 ppts	(3.1 ppts)	48.5%	37.3%	(11.1 ppts)

Source: Company Information

Revenue

During the period under review, GSC Solutions' revenue was generated from Industrial Maintenance Services, industrial supply sales, and industrial reclamation.

The increase in revenues to SAR 46.0 million in 2023G (a 90.7% increase over 2022G) is mainly due to the increase in revenue from Industrial Maintenance Services by SAR 24.7 million (by 254.3%) which was attributed to the increase in services provided to existing customers, whereby the revenue from these customers increased by SAR 13.5 million and SAR 5.3 million, respectively. This was coupled with the increase in revenue from industrial reclamation services by SAR 3.0 million (by 385.9%), which was attributed to the increase in number of customers from two in 2022G to nine customers in 2023G. This was partially offset by the decrease in industrial supply sales by SAR 5.8 million (by 42.5%) due to a lack of new purchase orders from customers during the year.

The decrease in revenue to SAR 30.7 million in 2024G (a 33.4% decrease over 2023G) was largely driven by decrease in revenues from Industrial Maintenance Services by SAR 22.7 million (a decrease of 65.9%), which was attributed to a decrease in revenues from two Petrochemical Company's by SAR 13.6 million, and SAR 5.7 million, respectively. This was partially offset by the increase in revenues from industrial reclamation services revenue by SAR 7.1 million, which related to the commencement of work with a Qatari Petroleum Company which generated SAR 8.0 million in revenue during the year.

The increase in revenue by SAR 2.4 million (by 20.9%) in the six-month period ended 30 June 2025G, compared to the six-month period ended 30 June 2024G, was mainly due to increase in revenue from (i) Listed petrochemicals Company -1 from SAR 341 thousand in the six-month period ended 2024G to SAR 5.7 million in the six-month period ended 2025G primarily due to an increase in Industrial Maintenance Services orders (mainly flare tips) amounting SAR 3.6 million in the six-month period ended 30 June 2025G, and (ii) a new project undertaken with Qatari Fertilizer Company amounting to SAR 3.0 million in the six-month period ended 2025G. This increase was partially offset by the decrease in (i) Qatari Petroleum Company from SAR 4.0 million in the six-month period ended 30 June 2024G to nil in the six-month period ended 30 June 2024G following the completion of the project, and (ii) a decrease in purchase orders from International Company -4 (SAR 565 thousand), Private Company -19 (SAR 474 thousand), Saudi Poultry Company (SAR 438 thousand), and International Company -5 (SAR 231 thousand).

Cost of revenue

Cost of revenues comprised of cost of Industrial Maintenance Services, industrial supply sales, and industrial reclamation services, in relation to labor cost or cost of material for each respective segment.

The increase in cost of revenue to SAR 26.9 million in 2023G (an increase of 54.1% over 2022G) was mainly due to the increase in cost of Industrial Maintenance Services by SAR 13.1 million (an increase of 193.4%), which was in line with the increase in services revenue (increase of SAR 24.7 million) during the same period. This was partially offset by a decrease in cost of industrial supply by SAR 5.3 million (a decrease of 50.0%) due to lower Ethanol sales during the year.

The decrease in cost of revenue to SAR 16.9 million (a decrease of 37.3% over 2023G) was mainly due to the decrease in cost of Industrial Maintenance Services by SAR 12.8 million (a decrease of 64.5%) attributed to lower sales during the year (a decline of 65.9%). This was partially offset by the increase in the cost of industrial reclamation services by SAR 4.0 million (an increase of 218.6%) driven by the increase in sales by SAR 7.1 million over the same period.

The increase in cost of revenue by SAR 3.0 million in the six-month period ended 30 June 2025G (a decrease of 73.9% over the six-month period ended 30 June 2024G), was mainly due to increase in cost of goods sold from SAR 1.1 million in the six-month period ended 30 June 2024G to SAR 3.9 million the six-month period ended 30 June 2025G primarily due Listed petrochemicals Company -1 orders amounting to SAR 3.5 million. This increase was partially offset by the decrease in number of purchase orders from 35 purchase order in the six-month period ended 30 June 2024G to 31 purchase order in the six-month period ended 30 June 2025G including the completion of the largest project in the six-month period ended 30 June 2024G with Qatari Petroleum Company during the fourth quarter 2024G.

Gross profit

The increase in gross profit margin by 13.8 ppts during 2023G is largely driven by the increase in gross profit margin of Industrial Maintenance Services by 11.9 ppts, which was attributable to a positive mix effect, whereby GSC Solutions sold more Heat Transfer Fluid, which yielded higher gross profit margins as compared to other chemical products.

The increase in gross margin by 3.4 ppts during 2024G is largely driven by the increase in the gross profit margin of industrial supply sales by 16.9 ppts, which was attributed to the increase in the sale of chemicals, mainly Hydrogenated Terphenyl, which generated higher gross profit margins as compared to the prior year.

The gross margin decreased by 15.4 ppts in the six-month period ended 30 June 2025G compared to the six-month period ended 30 June 2024G primarily due to lower contribution to revenue generated from Industrial Reclamation Services (contributed 52.5% of the total revenue in the six-month period ended 30 June 2024G compared to 31.2% in the six-month period ended 30 June 2025G) which typically have higher margins compared to the GSC Solutions' other segments.

General and administrative expenses (G&A)

G&A expenses mainly included (i) depreciation of property, plant, and equipment, and (ii) electricity and water, and (iii) medical insurance.

The increase in G&A to SAR 2.0 million in 2023G (a 64.6% increase over 2022G) is largely due to the increase in (i) depreciation of property, plant and equipment expense by SAR 490.9 thousand (by 77.1%) mainly in relation to the additions of mobile units to machineries and equipment amounting to SAR 1.9 million, (ii) Telephone, postage and internet expenses by SAR 77.0 thousand (by 119.9%), which was attributed to increased business activities, and (iii) rent expense by SAR 49.0 thousand (by 435.0%) in relation to renting a storage unit in a foreign country to store the Mobile Unit ahead of the commencement of the project.

G&A further increased to SAR 2.6 million in 2024G (a 26.1% increase over 2023G) largely driven by the increase in withholding tax by SAR 198 thousand, customs charges by SAR 169 thousand, and travel and transportation by SAR 59.6 thousand attributable to the increase in foreign sales.

G&A expenses decreased by SAR 43.2 thousand in the six-month period ended 30 June 2025G compared to the six-month period ended 30 June 2024G due to the decrease in withholding tax expenses by SAR 107 thousand following the completion of Qatari Petroleum Company project, these expenses were related to the external labor working on Qatari Petroleum Company project. This decrease was partially offset by additional security guards and inventory write-off amounting to SAR 135 thousand combined in the six-month period ended 30 June 2025G.

Selling and distribution expenses

During the Historical Period, selling and distribution expenses related to (i) salaries, wages, and related benefits, (ii) loading, transportation, and material insurance, and (iii) commissions and bonuses.

Selling and distribution expenses remained relatively stable at SAR 1.9 million over the 2022G to 2023G period.

In 2024G, selling and distribution increased to SAR 2.6 million (a 38.5% increase over 2023G) mainly driven by the increase in (i) commissions and bonuses by SAR 622.9 thousand (by 431.4%), and (ii) loading, transportation and material insurance by SAR 152.4 thousand (by 34.8%), which was attributed to the increase in international sales.

Selling and distribution expenses remained relatively stable between SAR 947.6 thousand in the six-month period ended 30 June 2024G and SAR 818.6 thousand in the six-month period ended 30 June 2025G.

Operating profit

The decrease in operational profit margin by 4.7 ppts during 2024G, despite the improvement in gross profit margin by 3.4 ppts in 2024G, was largely driven by (i) the increase in S&D expenses by SAR 730 thousand (by 38.5%) mainly driven by the increase in (i) commissions and bonuses by SAR 623 thousand (by 431.4%), and loading, transportation and material insurance by SAR 152 thousand (by 34.8%), and (ii) the increase in G&A expenses by SAR 532 thousand (by 26.1%), largely driven by the increase in withholding tax by SAR 198 thousand, customs charges by SAR 169 thousand, and travel and transportation by SAR 60 thousand.

Operational profit margin decreased to 36.6% in the six-month period ended 30 June 2025G, compared to 47.9% in the six-month period ended 30 June 2024G, primarily due to lower contribution to revenue generated from Industrial Reclamation Services (contributed 52.5% of the total revenue in the six-month period ended 30 June 2024G compared to 31.2% in the six-month period ended 30 June 2025G) which typically have higher margins compared to the Company other segments. This decrease was partially offset by the decrease in loading, transportation, and material insurance as a percentage of revenue from 1.5% in six-month period ended 30 June 2024G to 0.3% in six-month period ended 30 June 2025G.

Other income

Other income mainly comprised HRDF income, and commission income.

Other income decreased to SAR 84.3 thousand in 2023G (a 64.1% decrease over 2022G) was mainly due to a decrease in commissions received from customer referrals.

Other income remained relatively stable at SAR 85 thousand during the 2023G-2024G period.

Other income was negligible in six-month period ended 30 June 2024G and six-month period ended 30 June 2025G, and was related to HRDF income.

Unrealized gain (loss) on remeasurement of securities

Unrealized gain (loss) on remeasurement of securities related to the GSC Solutions' investments in portfolios.

Unrealized gain on remeasurement of securities increased to SAR 47.9 thousand in 2023G (a 243.0% increase over 2022G) due to a gain of SAR 81.4 thousand.

GSC Solutions recognized an increase in unrealized gain (loss) on remeasurement of securities to SAR 147.5 thousand in 2024G (a 207.5% increase over 2023G) largely driven by the increase in the GSC Solutions' portfolio.

Unrealized gain (loss) on remeasurement of securities was nil in the six-month periods ended 30 June 2024G and 2025G due to the Company disposing of all investments in the Alkhair stock portfolio.

Profit (loss) from stock investments - fair value

This relates to GSC Solutions' investments in portfolios.

Profit (loss) from stock investment at fair value increased to SAR 199.5 thousand in 2024G (a 2833.8% increase over 2023G) due to the sale of partial shares.

Profits generated amounting SAR 326.2 thousand during six-month period ended 30 June 2025G was due to the sale of stock investments.

Finance charges

Finance charges primarily related to bank fees, actuarial interest, and lease interest.

GSC Solutions finance charges increased from SAR 194.6 thousand in 2022G to 383.2 thousand in 2023G, which was attributed to an increase in the charges related to letter of guarantees.

Finance charges decreased in 2024G (a decrease of 86.6% over 2023G), mainly due to decrease in bank fees by SAR 329.4 thousand as GSC Solutions did not obtain any loans or issue any LGs during the year in 2024G as there was no requirement to do so for any of the projects in 2024G.

Financial charges increased in the six-month period ended 30 June 2025G by SAR 11 thousand mainly due to costs related to disposal of Alkhair stock portfolio.

Estimated Zakat

The year-over-year change in the GSC Solutions' Zakat / Tax during the 2022G-2024G was primarily driven by the change in profits generated over the same period.

The zakat expenses recorded for six-month period ended 30 June 2024G and six-month period ended 30 June 2025G are based on estimates which are adjusted at year end.

6.7.2 Statement of financial position

The following table compares the Subsidiary's statement of financial position as at 31 December 2022G, 2023G and 2024G and 30 June 2025G.

Table (6.39): Statement of financial position as at 31 December 2022G, 2023G and 2024G and 30 June 2025G:

Currency: SAR'000	31 December 2022G	31 December 2023G	31 December 2024G	Variance (2022G- 2023G)	Variance (2022G- 2023G)	30 June 2025G	Vari- ance (31 December 2024G- 30 June 2025G)
Cash and cash equivalents	1,278.1	14,445.7	10,899.5	1,030.2%	(24.5%)	5,866.0	(46.2%)
Trade receivables	6,366.9	11,544.9	3,082.3	81.3%	(73.3%)	2,717.7	(11.8%)
Inventory	4,243.2	1,621.8	3,668.1	(61.8%)	126.2%	2,992.1	(18.4%)
Unbilled revenue	-	-	3,003.4	N/A	N/A	6,925.5	130.6%

Currency: SAR'000	31 December 2022G	31 December 2023G	31 December 2024G	Variance (2022G- 2023G)	Variance (2022G- 2023G)	30 June 2025G	Vari- ance (31 December 2024G- 30 June 2025G)
Due from related parties	2,407.2	2,407.2	-	-	(100.0%)	-	N/A
Assets under construction	625.5	-	-	(100.0%)	N/A	-	N/A
Capital investments - fair value	66.5	123.7	342.6	86.0%	177.0%	0.7	(99.8%)
Prepaid expenses & other current assets	2,379.8	1,617.9	778.3	(32.0%)	(51.9%)	1,853.4	138.1%
Total current assets	17,367.2	31,761.2	21,774.2	82.9%	(31.4%)	20,355.4	(6.5%)
Property, plant and equipment – net	5,364.8	6,829.1	5,704.7	27.3%	(16.5%)	5,172.0	(9.3%)
Right-of-use assets – net	508.8	480.6	452.3	(5.5%)	(5.9%)	438.2	(3.1%)
Total non-current assets	5,873.6	7,309.7	6,157.0	24.5%	(15.8%)	5,610.2	(8.9%)
Total assets	23,240.8	39,070.9	27,931.2	68.1%	(28.5%)	25,965.6	(7.0%)
Trade payables	1,272.4	5,901.2	1,640.1	363.8%	(72.2%)	1,079.1	(34.2%)
Lease liability current	20.3	20.3	20.3	-	-	29.2	43.8%
Accrued expenses & other liabilities	2,444.7	1,759.7	1,863.5	(28.0%)	5.9%	2,033.5	9.1%
Due to related parties	1,450.8	1,133.3	769.5	(21.9%)	(32.1%)	120.8	(84.3%)
Short term loans	2,309.8	-	-	(100.0%)	N/A	-	N/A
Zakat provision	285.0	649.0	499.4	127.7%	(23.1%)	226.7	(54.6%)
Total current liabilities	7,783.0	9,463.5	4,792.8	21.6%	(49.4%)	3,489.3	(27.2%)
Long-term employee benefits obligations	553.3	730.0	876.7	31.9%	20.1%	936.7	6.8%
Lease liability	463.5	443.2	422.1	(4.4%)	(4.8%)	422.1	-
Total non-current liabilities	1,016.8	1,173.2	1,298.8	15.4%	10.7%	1,358.8	4.6%
Total liabilities	8,799.8	10,636.7	6,091.6	20.9%	(42.7%)	4,848.1	(20.4%)
Capital	500.0	500.0	500.0	-	-	500.0	-
Statutory reserve	250.0	250.0	250.0	-	-	-	(100.0%)
Voluntary reserve	800.0	800.0	800.0	-	-	800.0	-
Retained earnings	12,891.0	26,884.2	20,289.6	108.6%	(24.5%)	19,817.5	(2.3%)
Total equity	14,441.0	28,434.2	21,839.6	96.9%	(23.2%)	21,117.5	(3.3%)
Total liabilities and equity	23,240.8	39,070.9	27,931.2	68.1%	(28.5%)	25,965.6	(7.0%)
DSO	96	92	37	(4)	(55)	35	(2)
DIO	88	43	87	(45)	44	75	(12)
DPO	26	80	36	54	(44)	27	(9)
CCC	158	54	89	(104)	35	83	(6)

Source: Company Information

Cash and cash equivalents

Refer to cash flow for details on cash and cash equivalents trends.

Trade receivables

The increase in GSC Solutions' receivables to SAR 11.5 million at 31 December 2023G (an 81.3% increase over 31 December 2022G) was due to the increase in revenue by 90.7% during 2023G.

The subsequent decrease in trade receivables to SAR 3.1 million at 31 December 2024G (a 73.3% decrease over 31 December 2023G) was largely driven by the decrease in GSC Solutions' revenue by SAR 15.4 million (by 33.4%), coupled with increased collections prior to year end.

Trade receivable balance declined to SAR 2.7 million at 30 June 2025G (a 11.8% decrease over 31 December 2024G) due to improved collections by the Subsidiary.

Inventory

Inventory related to raw materials, and finished goods inventory.

The inventory balance decreased to SAR 1.6 million at 31 December 2023G (a 61.8% decrease over 31 December 2022G) primarily due to a decrease in:

- 1- finished goods by SAR 1.4 million (76.2%), largely in relation to lower quantities of Burner Tiles and Rise Tip assemblies held in stock, and
- 2- raw materials by SAR 1.3 million (51.3%) due to a decrease of SAR 507.0 thousand in Microwax inventory and a SAR 314.0 thousand decrease in Ethanol inventory.

This resulted in a decrease in Days Inventory Outstanding ("DIO") from 88 days at 31 December 2022G to 43 days at 31 December 2023G as a result of higher consumption of available inventory prior to the year end.

Inventory increased to SAR 3.6 million at 31 December 2024G (a 126.2% increase over 31 December 2023G) which was mainly driven by the increase in finished goods by SAR 1.8 million (430.6%) due to the increase in the balance of Partially Hydrogenated Terphenyl by SAR 1.7 million, which was attributable to additional purchases due to higher project demands for delivery in January 2025G from a Petrochemical Company.

The inventory further decreased to SAR 3.0 million at 30 June 2025G (a 18.4% decrease over 31 December 2024G), which mainly due to decrease in raw materials by SAR 704 thousand (by 49.8%) as inventory of Micro Wax and Fully Refined Paraffin Wax decreased by SAR 499 thousand and SAR 205 thousand, respectively, mainly due to orders from Private Company -20.

Unbilled revenue

Unbilled revenue is associated with the timing differences between when services are rendered and when invoices are generated. It is mainly related to projects of industrial reclamation services.

Unbilled revenue increased from nil to SAR 3.0 million as at 31 December 2024G which was related to unbilled invoices for three projects of:

- 1- SAR 1.7 million in relation to materials that remained in GSC Solutions' storage as per Client's request until they have capacity to receive them.
- 2- SAR 1.0 million which was invoiced in 2025G following the customer's request for top-up work on the initial purchase order; and
- 3- SAR 300 thousand in relation to engineering work performed in 2024G, which was recognized under the Percentage of Completion ("PoC") method, with project completion expected in 2025G.

Unbilled revenue increased to SAR 6.9 million at 30 June 2025G (a 130.6% increase over 31 December 2024G) and was mainly related to unbilled revenue of

- 1- SAR 3.0 million in relation to an ongoing project, and
- 2- SAR 3.0 million whereby chemical reclamation services have been completed however there is delay on part of the customer in picking up the product from GSC Solutions' warehouses.

Due from related parties

During the Historical Period, the Group's transactions with related parties were trading, operational financing, and commercial financing in nature, along with an amount related to investing in nature.

GSC Solutions' balance due from related parties amounted to SAR 2.4 million at 31 December 2022G and at 31 December 2023G. These balances were subsequently collected in 2024G.

Assets under construction

At 31 December 2022G, assets under construction was related to the renovations at GSC Solutions' warehouse located in Dammam. The balance was transferred to PPE during 2023G upon completion of the renovations.

Capital investments – fair value

This account was related to GSC Solutions' stock investments.

The fluctuations in the capital investments account were influenced by GSC Solutions' strategic investment decisions to deposit or withdraw funds, based on the Group's cash availability and working capital requirements.

The investments were largely disposed of at 30 June 2025G (a 99.8% decrease over 31 December 2024G) to withdraw funds, contingent upon the Subsidiary's cash availability and working capital requirements.

Prepaid expenses & other current assets

Prepaid expenses and other current assets mainly included prepaid expenses, prepaid value-added-tax ("VAT"), employee advances and guarantee letters insurance.

Prepaid expenses and other current assets decreased to SAR 1.6 million as at 31 December 2023G (a 32.0% decrease over 31 December 2022G) which was largely attributed to a decrease in advances to supplier balance by SAR 1.4 million. The decrease was partially offset by an increase in (i) letters of guarantee insurance by SAR 384.0 thousand and (ii) employee advances by SAR 136.0 thousand.

Prepaid expenses and other current assets further decreased to SAR 778.3 thousand as at 31 December 2024G (a 51.9% decrease over 31 December 2023G) due to decrease in advances to suppliers by SAR 954.0 thousand.

The balance increased to SAR 1.9 million as at 30 June 2025G (a 138.1% increase over 31 December 2024G) due to an increase in prepayments to vendors by SAR 844 thousand mainly related to relating to spare parts and prepaid VAT amounting to SAR 404 thousand relating to VAT paid for unbilled revenues to Listed Petroleum Company -1 and Listed petrochemicals Company -1.

Property plant and equipment

PP&E comprised machinery, vehicles, furniture and fixture, and office equipment. The capitalization policy stipulates that asset purchases must exceed SAR 500 to be capitalized.

PP&E increased to SAR 6.8 million at 31 December 2023G (a 27.3% increase over 31 December 2022G) mainly due to additions of SAR 2.5 million related to 'machines and equipment' for a new truck in the Industrial Reclamation Services segment.

PP&E decreased to SAR 5.7 million at 31 December 2024G (a 16.5% decrease over 31 December 2023G) and to SAR 5.2 million at 30 June 2025G (a 9.3% decrease over 31 December 2024G) mainly due to depreciation charges in each respective period.

Right of use assets

The right-of-use assets ("ROU") comprised GSC Solutions' warehouse land lease.

GSC Solutions' warehouse land lease was renewed in 2020 for a period of 12 years and is set to expire in 2032.

Right of use assets decreased from SAR 508.8 thousand at 31 December 2022G to SAR 438.2 thousand at 30 June 2025G due to amortization charges in each respective period.

Trade payables

GSC Solutions' trade payables mainly comprised payable balances to GSC Solutions' spare parts suppliers, and mobile units suppliers.

The increase in trade payables from SAR 1.3 million at 31 December 2022G to SAR 5.9 million at 31 December 2023G was primarily driven by the increase in purchases of spare parts used in the Industrial Maintenance Services segment, with outstanding balances primarily related to three suppliers amounting to SAR 2.1 million, SAR 1.4 million, and SAR 782.1 thousand).

The decrease in trade payables from SAR 5.9 million at 31 December 2023G to SAR 1.6 million at 31 December 2024G was due to the timely settlement of payables prior to year-end.

The balance further decreased to SAR 1.1 million at 30 June 2025G (a 34.2% decrease over 31 December 2024G) due to partial settlement of a vendor balance of SAR 678 thousand.

Lease liability

The total lease liabilities (comprising current and non-current) mainly related to GSC Solutions' warehouse land lease.

The decrease in lease liabilities to SAR 443.2 thousand at 31 December 2023G and then to SAR 422.1 thousand at 31 December 2024G due to lease rental payments.

The lease liability balance slightly increased to SAR 451.3 thousand at 30 June 2025G due to interest charges in six-month period ended 30 June 2025G.

Accrued expenses and other liabilities

Accrued expenses and other liabilities mainly comprised advance payments from customers, and VAT liability.

The decrease in accrued expenses and other liabilities to SAR 1.8 million at 31 December 2023G (a 28.0% decrease over 31 December 2022G) was driven by the decrease in advance payments from GSC Solutions' customers from SAR 1.7 million at 31 December 2022G to SAR 49.6 thousand at 31 December 2023G. The decrease was partially offset by increase in VAT deposits by SAR 820.9 thousand. The absence of a formal advance payments policy in the customer contracts contributed to the decline in advance payments from customers, as it allowed greater flexibility in customer transactions.

Accrued expense and other liabilities increased to SAR 1.9 million at 31 December 2024G (a 5.9% increase over 31 December 2023G) due to the increase in accrued costs by SAR 1.1 million in relation to purchases of inventory from chemical suppliers, coupled with the delays in receipt of invoices from vendors. This was partially offset by a decrease in VAT liability by SAR 897.2 thousand.

The balance increased to SAR 2.0 million at 30 June 2025G (a 9.1% increase over 31 December 2024G) primarily due to the reclassification of balances from Addar Chemicals Company which was previously under due to related parties and was disposed of Addar group and it's no longer considered a related party. This increase was partially offset by a decrease in (i) VAT liability by SAR 357 thousand as the subsidiary does not accrue for VAT during quarter-end closing, and (ii) a decrease in others related to a supplier balance for an amount not yet invoiced at 31 December 2024G (SAR 306 thousand) this balance was subsequently invoiced and settled.

Due to related parties

During the Historical Period, the GSC Solutions' balance due to related parties was financing and commercial in nature.

At 31 December 2022G, the due to related parties balance amounted to SAR 1.5 million and was related to commercial payments made by Al Dar Chemicals Company on behalf of GSC Solutions.

The balances due to related parties decreased to SAR 1.1 million at 31 December 2023G (a 21.9% decrease over 31 December 2022G) which was related to commercial payments made by Al Dar Chemicals Company on behalf of GSC Solutions, and (ii) DABS' balances due to related parties of SAR 174.0 thousand at 31 December 2023G related to expenses settled by Dar AlBalad for Contracting and Operation on behalf of DABS.

At 31 December 2024G balances due to related parties decreased to SAR 769.5 thousand (a 32.1% decrease over 31 December 2023G) and was related to payments made by Al Dar Chemicals Company on behalf of GSC Solutions.

Balances due to related parties decreased to SAR 120.8 thousand at 30 June 2025G due to the reclassification Addar Chemicals Company balance from related party to third parties subsequent to Addar Group disposing the entity. This was partially offset by an increase in Dar Al Balad Contracting And Operations Company by SAR 121 thousand related to an advance payment for a chemical materials.

Short term loans

At 31 December 2022G, the short-term loan of SAR 2.3 million was secured from the Saudi Investment Bank as a working capital facility to facilitate vendor payments. The facility was fully settled during 2023G.

Long term employee benefits obligations

The Company operates a defined benefit plan in line with the Labour Law requirement in KSA, where it maintains a liability for end of service benefits ("EOSB") for all employees under its sponsorship.

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. The Company's benefit payment obligation is met when they fall due upon termination of employment. Under IFRS, this liability is based on actuarial valuation reports, which involve the use of assumptions (such as future salary increases, mortality rates, and discount rates). These assumptions are reviewed at each year end.

The EOSB provision is prepared by Paragon Actuarial, a third-party actuarial consultancy firm, at the Group level (i.e. ADDAR Group), after which the respective EOSB results are allocated to GSC Solutions based on employee headcount.

EOSB increased from SAR 553.3 thousand at 31 December 2022G to SAR 730.0 thousand at 31 December 2023G primarily due to actuarial losses of SAR 113.7 in 2023G.

EOSB balance further increased to SAR 876.7 thousand at 31 December 2024G and then to SAR 936.7 thousand at 30 June 2025G mainly due to the accrual of EOSB of existing staff.

Equity

Over the period under review, GSC Solutions' shareholders equity fluctuated driven by the movement in retained earnings. As at 30 June 2025G, retained earnings constituted 93.8% of the shareholders equity.

The paid capital consists of 500 thousand shares of SAR 1 each

In accordance with the Regulations for Companies in KSA, GSC Solutions is required to transfer 10% of profit generated during the year to a legal reserve until it amounts to 50% of its share capital. The reserve is not available for distribution to the shareholders. However, the newly issued Companies law in (i) 2023G made the transfer voluntary and in (ii) 2025G allowed the transfer of statutory reserve to retained earnings.

6.7.3 Statement of cash flows

The following table presents the Subsidiary's statements of cash flows for the financial years ended 31 December 2022G, 2023G, 2024G as well as the six-month periods ended 30 June 2024G and 30 June 2025G:

Table (6.40): Statement of cash flows for the financial years ended 31 December 2022G, 2023G, 2024G and the six-month periods ended 30 June 2024G and 30 June 2025G:

Currency: SAR'000	31 December 2022G	31 December 2023G	31 December 2024G	Variance (2022G- 2023G)	Variance (2023G- 2024G)	30 June 2024G	30 June 2025G	Variance (30 June 2024G- 30 June 2025G)
Profit for the year	2,999.1	14,106.8	8,443.9	370.4%	(40.1%)	5,664.2	5,277.9	(6.8%)
Adjustments for non-cash income and expense items:								
Depreciation of property, plant, and equipment	637.0	1,246.8	1,156.9	95.7%	(7.2%)	590.1	532.7	(9.7%)

Currency: SAR'000	31 December 2022G	31 December 2023G	31 December 2024G	Variance (2022G- 2023G)	Variance (2023G- 2024G)	30 June 2024G	30 June 2025G	Variance (30 June 2024G- 30 June 2025G)
Unrealized losses and realized gains from fair value valuation of investments through profit or loss	33.5	(59.4)	147.6	(277.3%)	(348.5%)	(327.4)	(326.2)	(0.4%)
Charged to expenses from long-term defined employee benefits obligations	37.1	38.1	78.8	2.7%	106.8%	100.0	60.0	(40.0%)
Depreciation of right-of-use asset	28.3	28.3	28.3	-	-	14.1	14.0	(0.7%)
Charged to expenses from expected credit losses	240.6	241.4	55.1	0.3%	(77.2%)	-	-	N/A
Charged to expenses from Zakat and income tax provision	346.1	634.0	478.0	83.2%	(24.6%)	252.1	200.2	(20.6%)
Financing expenses	31.6	44.6	53.6	41.1%	20.2%	12.2	23.2	90.2%
Changes in operating assets and liabilities:								
Work in progress	(42.9)	625.5	-	(1,558.0%)	(100.0%)	-	-	N/A
Trade receivables	(1,140.6)	(5,419.5)	8,619.5	375.1%	(259.0%)	4,274.5	364.6	(91.5%)
Inventory	(194.6)	2,621.4	(2,046.3)	(1,447.1%)	(178.1%)	(2,710.2)	676.1	(124.9%)
Due from related parties	226.6	-	2,407.2	(100.0%)	N/A	1,000.0	-	(100.0%)
Other trade receivables	(2,216.7)	761.8	1,290.2	(134.4%)	69.4%	(513.3)	(1,075.3)	109.5%
Trade payables	978.4	4,628.8	(4,261.2)	373.1%	(192.1%)	(4,591.8)	(561.0)	(87.8%)
Other trade payables	2,141.5	(685.0)	(346.7)	(132.0%)	(49.4%)	(58.7)	(599.5)	921.3%
Due to related parties	(1,208.5)	(317.4)	(363.8)	(73.7%)	14.6%	(236.8)	120.8	(151.0%)
Unbilled revenue	-	-	(3,003.4)	N/A	N/A	-	(3,922.0)	N/A
Cash flows from operations	2,896.6	18,496.3	12,737.6	538.6%	(31.1%)	3,469.0	785.5	(77.4%)
Payments of estimated Zakat provision	(380.9)	(270.1)	(622.4)	(29.1%)	130.4%	(632.9)	(472.8)	(25.3%)
Finance cost paid	-	-	-	-	-	(2.8)	(14.3)	410.7%
Net cash generated from / (used in) operating activities	2,515.7	18,226.3	12,115.2	624.5%	(33.5%)	2,833.3	298.4	(89.5%)
Additions to property, plant, and equipment	(124.7)	(2,592.2)	(32.5)	1,978.7%	(98.7%)	(30.0)	-	(100.0%)
Additions to investments at fair value through profit or loss	(100.0)	(116.7)	(588.9)	16.7%	404.6%	(1,085.2)	(408.8)	(62.3%)
Proceeds from Sale of investments at fair value	-	-	-	-	-	115.6	1,076.9	831.6%
Net cash generated from / (used in) investing activities	(224.7)	(2,708.9)	(621.4)	1,105.6%	(77.1%)	(999.6)	668.1	(166.8%)
Dividend distributions	5,000.0	-	-	(100.0%)	N/A	(15,000.0)	(6,000.0)	(60.0%)

Currency: SAR'000	31 December 2022G	31 December 2023G	31 December 2024G	Variance (2022G- 2023G)	Variance (2023G- 2024G)	30 June 2024G	30 June 2025G	Variance (30 June 2024G- 30 June 2025G)
Net movement in short-term loans	(1,731.2)	(2,309.8)	-	33.4%	(100.0%)	-	-	N/A
Net movement in due to related parties	(5,000.0)	-	(15,000.0)	(100.0%)	N/A	-	-	N/A
Additional capital contributions	(40.0)	(40.0)	(40.0)	-	-	-	-	-
Operating lease payments	(1,771.2)	(2,349.7)	(15,040.0)	32.7%	540.1%	-	-	N/A
Net cash used in financing activities	(22,949.9)	(2,187.2)	(4,643.2)	(90.5%)	112.3%	(15,000.0)	(6,000.0)	(60.0%)
Net increase / (decrease) in cash and cash equivalents	519.8	13,167.6	(3,546.2)	2,433.2%	(126.9%)	(13,166.3)	(5,033.5)	(61.8%)
Cash and cash equivalents at the beginning of the year	758.3	1,278.1	14,445.7	68.5%	1,030.2%	14,445.7	10,899.5	(24.5%)
Cash and cash equivalents at the end of the year	1,278.1	14,445.7	10,899.5	1,030.2%	(24.5%)	1,279.4	5,866.0	358.5%

Source: Company Information

Net cash generated from operating activities

Net cash generated from operating activities ("CFO") increased from SAR 2.5 million at 31 December 2022G to SAR 18.2 million at 31 December 2023G mainly driven by:

- 1- the increase in profit for the year by SAR 11.1 million in 2023G (a 370.4% increase over 2022G)
- 2- increase in trade payables by SAR 4.6 million due to purchase of spare parts used in Industrial Maintenance Services.
- 3- decrease in inventory by SAR 2.6 million due to decrease in finished goods by SAR 1.4 million (by 76.2%), largely in relation to lower quantities of Burner Tiles and Rise Tip assemblies held in stock, and raw materials by SAR 1.3 million (by 51.3%) due to a decrease of SAR 507 thousand in Microwax inventory and a SAR 314 thousand decrease in Ethanol inventory.

CFO subsequently decreased to SAR 12.1 million at 31 December 2024G primarily driven by:

- 1- a decrease in trade payable balance by SAR 4.3 million due to the timely settlement of payables prior to year-end.
- 2- an increase in unbilled revenue by SAR 3.0 million was related to unbilled invoices for three projects: amounting to SAR 1.7 million in relation to materials that remained in GSC Solutions' storage as per Client's request until they have capacity to receive them. (ii) SAR 1.0 million which was invoiced in 2025G following the customer's request for top-up work on the initial purchase order; and (iii) SAR 300 thousand in relation to engineering work performed in 2024G, which was recognized under the Percentage of Completion ("PoC") method, with project completion expected in 2025G.

Net cashflow generated from operating activities decreased from SAR 2.8 million at 30 June 2024G to SAR 298.4 thousand at 30 June 2025G mainly driven by:

- 1- an increase in unbilled revenue by SAR 3.9 million because the balances accruing in relation to ongoing projects; and
- 2- an increase in other trade receivables by SAR 1.1 million due to decrease mainly due to an increase in prepaid to vendors by SAR 844 thousand mainly related to a supplier.

Net cash generated from / (used in) investing activities

The Subsidiary's cash flows from investing activities ("CFI") mainly comprised additions to investments at fair value through profit or loss, and additions to property, plant and equipment.

Cash flows used in investing activities increased from SAR 224.7 thousand at 31 December 2022G to SAR 2.7 million at 31 December 2023G mainly driven by the additions to property, plant and equipment mainly relating to 'machines and equipment' and buildings.

Cash flows used in investing activities amounted to SAR 621.4 thousand 31 December 2024G mainly driven by the increase in investments by SAR 588.9 thousand.

Net cash generated from investing activities of SAR 668 thousand at 30 June 2025G mainly driven by the withdrawal of investments from Alkhair portfolio by SAR 1.1 million. This was partially offset by the additions to investments at fair value through profit and loss by SAR 409 thousand.

Net cash used in financing activities

During the Historical Period, cash flows used in financing activities ("CFF") was primarily driven by dividend distributions, net movement in loans and net movement in the due to related parties.

The decrease in cash used in financing activities from SAR 1.7 million at 31 December 2022G to SAR 2.3 million at 31 December 2023G was mainly driven by proceeds of short-term loans amounting to SAR 2.3 million from a Saudi Bank.

Cash flows used in financing activities increased to SAR 15.0 million at 31 December 2024G mainly due to the dividend distributions of SAR 15.0 million.

CFF of SAR 15.0 million at 31 December 2024G (including six-month period ended 30 June 2024G) and SAR 6.0 million in six-month period ended 30 June 2025G related to dividend distributions to shareholders during the year.

6.8 Proforma special purpose consolidated financial statements of the Group

The following table presents the Group's proforma special purpose consolidated statements of profit and loss for the financial years ended 31 December 2022G, 2023G and 2024G:

Table (6.41): Proforma special purpose consolidated statement of profit and loss for the financial years ended 31 December 2022G, 2023G and 2024G:

Currency: SAR'000	2022G	2023G	2024G	Variance (2022G- 2023G)	Variance (2023G- 2024G)
Revenue	181,719.2	241,188.2	273,764.5	32.7%	13.5%
Cost of revenue	(143,753.0)	(180,728.8)	(214,282.3)	25.7%	18.6%
Gross profit	37,966.2	60,459.4	59,482.2	59.2%	(1.6%)
Selling and distribution expenses	(1,891.7)	(1,897.9)	(2,628.0)	0.3%	38.5%
General and administrative expenses	(7,470.6)	(8,063.5)	(8,337.4)	7.9%	3.4%
Impairment loss on trade receivables	(1,951.5)	(861.4)	(361.1)	(55.9%)	(58.1%)
Operating profit	26,652.4	49,636.6	48,155.7	86.2%	(3.0%)
Other income	2,105.8	290.1	479.8	(86.2%)	65.4%
Unrealized gain / (loss) on remeasurement of securities	(56.3)	(707.6)	2,526.2	1,156.8%	(457.0%)
Profit / (loss) from stock investments	(31.5)	450.6	695.1	(1,530.5%)	54.3%
Al Bilad Capital Fund income	-	459.0	597.8	100.0%	30.2%
Other expenses	-	11.5	-	100.0%	(100.0%)
Finance costs	(700.7)	(885.8)	(1,065.1)	26.4%	20.2%
Income for the year before Zakat / tax	27,969.7	49,254.5	51,389.5	76.1%	4.3%
Zakat / tax	(1,708.9)	(2,693.5)	(3,342.9)	57.6%	24.1%
Net profit for the year	26,260.8	46,561.0	48,046.6	77.3%	3.2%

Source: Audited proforma special purpose consolidated financial statements for the year ended 31 December 2024G and Group Information

Revenue

During the Historical Period, DABS and GSC Solutions (the “**Group**”) revenues mainly comprised (i) DABS IT Consulting Services, IT Managed Services, Business Managed Services, and IoT Smart Solutions, and (ii) Industrial Maintenance Services, Industrial Reclamation Services, and Specialized Industrial Supply.

The increase in revenues from SAR 181.7 million in 2022G to SAR 241.2 million in 2023G (a 32.7% increase over 2022G) was largely driven by the increase in:

- 1- DABS revenue by SAR 37.6 million, primarily driven by an increase in the average number of deployed employees for:
 - Business Managed Services by 58 employees (an increase of 46.5% compared to the prior year headcount);
 - IT Consulting Services by 50 employees (an increase of 29.5% compared to the prior year headcount); and
 - IT Managed Services by 19 employees (an increase of 9.3% compared to the prior year headcount).

The increase in the average number of employees was attributed to increased demand from existing clients resulting from the increase in number of projects undertaken by each client.

- 2- GSC Solutions' revenue by SAR 21.8 million, due to the increase in gross Industrial Maintenance Services sales by SAR 23.0 million (a 164.7% increase over 2022G) which was attributed to the increase in:
 - Volumes sold to existing customers; and
 - Revenue from Technical Services by SAR 4.2 million (a 419.9% increase over 2023G), which was attributed to the increase in number of customers from two in 2022G to nine customers in 2024G.

This increase in GSC Solutions revenue during 2023G was partially offset by the decrease in Industrial Reclamation Services sales by SAR 7.5 million (a 46.2% decline over 2022G) largely due to the decrease in revenue from a customer from SAR 7.6 million in 2022G to nil in 2023G, primarily due to the lack of new purchase orders from the customer during the year.

In 2024G, the Group's revenue further increased to SAR 273.8 million (a 13.5% increase over 2023G), largely driven by the increase in DABS revenue by SAR 47.9 million, primarily due to the increase in the average number of deployed employees in IT Managed Services (from 222 employees in 2023G to 328 employees in 2024G), and IT Consulting Services (from 221 employees in 2023G to 241 employees in 2024G), mainly driven by the increase in number of projects with existing customers.

This increase was partially offset by a decrease in GSC Solutions' revenue by SAR 15.4 million, largely due to the decrease in Industrial Maintenance Services sales by SAR 24.3 million, which was attributed to a decrease in volumes sold driven by lower demand from multiple customers.

Cost of revenue

The Group's cost of revenues mainly comprised DABS employees' salaries and wages, external labor salaries, and GSC Solutions' cost of materials, technical support and solutions services, and cost of Industrial Maintenance Services.

DABS was the largest contributor to the Group's total cost of revenues, representing an average of 88.6% (after considering intercompany eliminations) across the Historical Period.

The Group's cost of revenue increased from SAR 143.8 million in 2022G to SAR 180.7 million in 2023G (a 25.6% increase over 2022G) was mainly driven by the increase in:

- 1- DABS COR by SAR 27.5 million, largely due to an increase in salaries and wages by SAR 21.1 million, coupled with an increase in the average number of employees from 477 employees in 2022G to 601 employees in 2023G; and
- 2- GSC Solutions' COR by SAR 9.3 million (an increase of 53.2% over 2022G), mainly due to the increase in the cost of Industrial Maintenance Services by SAR 13.1 million, which was in line with the increase in Industrial Maintenance Services sales during the same period.

This increase in GSC Solutions' cost of revenue was partially offset by a decrease in the cost of materials by SAR 5.3 million mainly due to lower Ethanol sales during the year.

In 2024G, COR further increased to SAR 214.3 million (an 18.6% increase over 2023G), driven by an increase in DABS COR by SAR 43.5 million, mainly due to the increase in salaries and wages by SAR 37.1 million, which was in line with the further increase in average number of employees to reach 735 employees in 2024G.

This was partially offset by a decrease in GSC Solutions' COR by SAR 10.0 million (a decrease of 37.3%), mainly due to the decrease in the cost of Industrial Maintenance Services by SAR 12.8 million attributed to lower Industrial Maintenance Services sales during the year.

Gross profit

The increase in the Group's gross profit margin by 4.2 ppts in 2023G as compared to 2022G was mainly driven by the increase in:

- 1- GSC Solutions' gross profit margin by 14.0 ppts, largely driven by the increase in gross profit margin of chemical materials sales by 8.7 ppts, which resulted from a positive mix effect, whereby GSC Solutions sold more Heat Transfer Fluid (which tend to have higher gross profit margins as compared to other chemical products).
- 2- DABS gross profit margin by 1.3 ppts, mainly due to a 7.3 ppt increase in Business Managed Services gross profit and a 3.0 ppt increase in IT Consulting Services gross profit margin. This was largely driven by employee turnover in 2023G, which led to a higher proportion of expatriate employees being deployed.

The Group's gross profit margin subsequently declined by 2.4 ppts in 2024G largely due to the following the decrease in DABS gross profit margin by 2.4 ppts, mainly due to the increase in overtime charges of deployed employees, which are excluded from the Group's profit model and charged at cost to customers.

This decline in the gross margin in 2024G was partially offset by an increase in GSC Solutions' gross profit margin by 3.4 ppts, largely driven by the increase in the gross profit margin of chemical material sales by 16.8 ppts, which resulted from the increase in the sale of higher margin chemicals as compared to 2023G.

Selling and distribution expenses

During the Historical Period, selling and distribution expenses related to GSC Solutions' (i) salaries, wages, and related benefits, (ii) loading, transportation, and material insurance, and (iii) commissions and bonuses.

Selling and distribution expenses remained relatively stable at SAR 1.9 million between 2022G and 2023G before increasing to SAR 2.6 million in 2024G mainly driven by the increase in commissions and bonuses by SAR 0.6 million, and loading, transportation and material insurance by SAR 0.2 million, attributed to the increase in international sales.

General and administrative expenses

G&A expenses mainly included (i) salaries, wages and related benefits, (ii) depreciation of property, plant, and equipment, and (iii) telephone, postage, and internet.

The Group's G&A increased from SAR 7.5 million in 2022G to SAR 8.1 million in 2023G mainly driven by the increase in GSC Solutions' G&A by SAR 0.8 million, largely due to the increase in:

- 1- Depreciation of property, plant and equipment of SAR 0.5 million, mainly in relation to the additions of mobile units amounting to SAR 1.9 million;
- 2- Telephone, postage and internet expenses by SAR 0.1 million, due to increased business activities; and
- 3- Rent expense by SAR 49 thousand relating to the rental of a storage unit in Qatar to store the Mobile Unit ahead of the project commencement with Qatar Energy in 2024G.

This increase in G&A was partially offset by a decrease in DABS G&A by SAR 0.2 million, mainly due to:

- 1- a SAR 0.7 million decrease in salaries, wages, and related benefits; and
- 2- a SAR 0.2 million decrease in technical support.

In 2024G, G&A further increased to SAR 8.3 million due the increase in GSC Solutions' G&A by SAR 0.5 million, largely driven by the increase in withholding tax by SAR 0.2 million, customs charges by SAR 0.2 million, and travel and transportation by SAR 0.1 million, primarily as a result of the increase in foreign sales.

This increase in the Group's G&A was partially offset by a decrease in DABS G&A by SAR 0.3 million, mainly due to a SAR 1.1 million decline in withholding tax and VAT expenses, resulting from a greater proportion of clients agreeing to bear their respective tax obligations as compared to 2023G.

Impairment loss on trade receivables

Impairment losses on trade receivables represented the Group's provision charged in relation to outstanding trade receivable balances for the year.

During the Historical Period, impairment loss on trade receivables from DABS and GSC Solutions accounted for an average of 83.1%, and 16.9%, respectively, to total impairment loss on trade receivables.

The year-on-year decrease in the impairment loss on trade receivables (from SAR 2.0 million in 2022G to SAR 0.9 million in 2023G and further to SAR 0.4 million in 2024G) was mainly due to the overall decrease in DABS ECL provision due to an improved historical recovery rate and a lower probability of default.

Other income

Other income mainly comprised HRDF income, and commission income.

The Group's other income decreased from SAR 2.1 million in 2022G to SAR 0.3 million in 2023G was largely driven by the decrease in:

- 1- DABS HRDF income, mainly due to new many new Saudi hires utilizing their HRDF subsidy with previous employers, therefore, DABS received only partial subsidies rather than the full 12-month funding; and
- 2- GSC Solutions other income by SAR 0.2 million mainly due to discontinuing the practice which GSC had in relation to commissions income earned from sales to GSC Solutions' customers.

In 2024G, other income subsequently increased to SAR 0.5 million primarily due to the increase in DABS other income by SAR 0.2 million, mainly due to an increase in the HRDF subsidy during the year. This increase was primarily driven by the appointment of additional Saudi employees that were eligible for HRDF subsidies.

Unrealized gain / (loss) from stock investments

Unrealized gain / (loss) from stock investments related to the Group's investments in multiple stock portfolios.

Unrealized losses from stock investments increased from SAR 0.1 million in 2022G to SAR 0.7 million in 2023G driven by the decrease in unrealized gains on the remeasurement of DABS investments portfolio, partially offset by the increase gains from GSC Solutions' investment portfolio by SAR 0.1 million.

In 2024G, the Group recognized a gain of SAR 2.5 million from its stock investments.

Profit / (loss) from stock investments

The Group recognized a profit from stock investments of SAR 0.5 million in 2023G (as compared to a loss of SAR 31.5 thousand in 2022G) driven by gains from DABS' portfolio which increased by SAR 0.5 million during 2023G.

In 2024G, profit from stock investment at fair value increased to SAR 0.7 million largely due to the increase in profits generated by GSC Solutions by SAR 0.2 million relating to the additional purchase of shares.

Al Bilad Capital Fund income

Al Bilad Capital Fund income related to DABS interest earned from Murabaha investments, totaling SAR 0.5 million in 2023G and SAR 0.6 million in 2024G.

Other expenses

Other expenses related to GSC Solutions' Murabaha interest earned from Al Bilad Capital Fund.

Finance costs

Finance costs primarily related to bank fees, actuarial interest and lease interest.

The Group's finance costs increased from SAR 0.7 million in 2022G to SAR 0.9 million in 2023G mainly due to the increase in GSC Solutions' finance costs by SAR 0.2 million in relation to bank fees and guarantee letters.

In 2024G, finance costs further increased to SAR 1.1 million largely driven by an increase in DABS finance costs by SAR 0.5 million due to the increase in actuarial interest and bank financial charges by SAR 0.3 million and SAR 0.2 million, respectively.

Zakat / tax

The year-on-year increase in the Group's Zakat / Tax (from SAR 1.7 million in 2022G to SAR 2.7 million in 2023G and further to SAR 3.3 million in 2024G) was primarily driven by the increase in the Group's overall equity and adjusted net income.

The following table compares the Group's proforma special purpose consolidated statement of financial position as at 31 December 2022G, 2023G, and 2024G.

Table (6.42): Proforma special purpose consolidated statement of financial position as at 31 December 2022G, 2023G and 2024G:

Currency: SAR'000	31 December 2022G	31 December 2023G	31 December 2024G	Variance (2022G-2023G)	Variance (2023G-2024G)
Cash and cash equivalents	12,173.8	21,430.1	34,918.0	76.0%	62.9%
Trade receivables	31,203.8	39,595.7	49,448.4	26.9%	24.9%
Inventory	4,243.2	1,621.8	3,668.1	(61.8%)	126.2%
Unbilled revenues	5,692.2	17,009.0	27,487.0	198.8%	61.6%
Due from related parties	27,012.8	10,346.8	20,647.5	(61.7%)	99.6%
Receivables from related parties - owner	-	12,000.0	-	-	(100.0%)
Assets under construction	625.5	-	-	(100.0%)	-
Capital investments	939.8	16,193.4	13,283.8	1,623.1%	(18.0%)
Prepaid expenses and other current assets	4,441.4	7,221.8	9,528.8	62.6%	31.9%
Total current assets	86,332.5	125,418.6	158,981.6	45.3%	26.8%
Property, plant and equipment	5,795.7	7,219.4	6,094.3	24.6%	(15.6%)
Right-of-use assets	979.3	674.1	716.1	(31.2%)	6.2%
Capital Investments	-	-	12,000.0	-	100.0%
Total non-current assets	6,775.0	7,893.5	18,810.4	16.5%	138.3%
Total assets	93,107.5	133,312.1	177,792.0	43.2%	33.4%
Trade payables	1,395.8	8,685.7	2,615.0	522.3%	(69.9%)
Lease liabilities - current portion	291.2	184.1	157.6	(36.8%)	(14.4%)
Accrued expenses and other current liabilities	6,816.4	8,510.6	12,900.9	24.9%	51.6%
Due to related parties	978.3	1,152.0	769.5	17.8%	(33.2%)
Short-term loans	2,309.8	9,427.0	-	308.1%	(100.0%)
Zakat provision	1,647.8	2,768.8	3,419.3	68.0%	23.5%
Total current liabilities	13,439.3	30,728.2	19,862.3	128.6%	(35.4%)
Long-term employee benefit obligations	8,117.4	11,288.2	10,891.8	39.1%	(3.5%)
Lease liabilities - non-current portion	627.2	443.2	525.1	(29.3%)	18.5%
Total non-current liabilities	8,744.6	11,731.4	11,416.9	34.2%	(2.7%)
Total liabilities	22,183.9	42,459.6	31,279.2	91.4%	(26.3%)
Paid capital	1,000.0	1,000.0	50,000.0	-	4,900.0%
Legal reserves	300.0	300.0	300.0	-	-
Additional capital contributions	14,217.2	-	10,000.0	(100.0%)	100.0%
Retained earnings	55,406.4	89,552.5	86,212.8	61.6%	(3.7%)
Total equity	70,923.6	90,852.5	146,512.8	28.1%	61.3%
Total liabilities and equity	93,107.5	133,312.1	177,792.0	43.2%	33.4%

Source: Audited proforma special purpose consolidated financial statements for the year ended 31 December 2024G and Group Information

Cash and cash equivalents

Refer to the commentary surrounding the proforma special purpose consolidated statement of cash flows for further information relating to the movements in cash and cash equivalents.

Trade receivables

At 31 December 2024G, the Group's trade receivables comprised balances of DABS (SAR 46.4 million) and GSC Solutions (SAR 3.1 million), contributing 93.8% and 6.2%, respectively, to the Group's trade receivables balance.

The Group's trade receivables increased from SAR 31.2 million at 31 December 2022G to SAR 39.6 million at 31 December 2023G driven by the increase in DABS receivables by SAR 3.2 million due to the increase in DABS revenue by SAR 37.6 million, as well as the delays in customer invoice settlements.

This increase in DABS trade receivables was coupled with the increase in GSC Solutions' trade receivables by SAR 5.2 million due to the increase in GSC Solutions' revenue by SAR 22.3 million during 2023G.

The further increase in the Group's trade receivables to SAR 49.4 million at 31 December 2024G was driven by the increase in DABS receivables by SAR 18.3 million as a result of the increase in DABS revenue by SAR 47.9 million, as well as delays in customer invoice settlements.

This increase at 31 December 2024G was partially offset by the decrease in GSC Solutions' trade receivables by SAR 8.5 million, largely driven by the decrease in GSC Solutions' revenue by SAR 15.9 million, coupled with increased collections made from a customer during the year.

Inventory

During the Historical Period, inventory related to GSC Solutions' raw materials and finished goods.

The inventory balance decreased from SAR 4.2 million at 31 December 2022G to SAR 1.6 million at 31 December 2023G primarily due to a decrease in (i) finished goods by SAR 1.4 million (76.2%) largely in relation to Burner Tiles and Rise Tip assemblies which were sold to Sahara International and (ii) raw materials by SAR 1.3 million (51.3%) due to the consumption of Microwax and Ethanol by SAR 0.5 million and SAR 0.3 million, respectively.

Inventory subsequently increased to SAR 3.7 million at 31 December 2024G mainly driven by the increase in finished goods by SAR 1.8 million due to the increase in Partially Hydrogenated Terphenyl by SAR 1.7 million mainly attributed to additional purchases due to higher project demands expected in January 2025G.

Unbilled revenues

Unbilled revenues at 31 December 2022G and 31 December 2023G were related to DABS while unbilled revenue at 31 December 2024G comprised balances related to DABS (SAR 24.5 million) and GSC Solutions (SAR 3.0 million).

GSC Solutions' unbilled revenue of SAR 3.0 million at 31 December 2024G related to unbilled invoices:

- 1- SAR 1.7 million in relation to materials that remained in GSC Solutions' storage as per the customer's request,
- 2- SAR 1.0 million which was invoiced in 2025G following the customer's request for top-up work on the initial purchase order; and
- 3- SAR 0.3 million in relation to engineering work performed in 2024G, which was recognized under the Percentage of Completion ("PoC") method. This project was completed during 2025G.

Due from related parties and receivables from related parties - owner

During the Historical Period, the Group's transactions with related parties were trading, operational financing, and commercial financing in nature, along with an amount investing in nature (SAR 12.0 million) recorded at 31 December 2023G.

The balance due from related parties at 31 December 2024G included dividends receivable from the Parent Company of SAR 20.0 million which represents assumed dividends should Dar Al Balad for Business Solutions have owned 100% of GSC Solutions during the 2022G-2024G period. These balances are not recoverable and there is no intention to collect this amount from the Parent Company as there is no formal agreement between Dar Al Balad for Business Solutions and the Parent Company in relation to the settlement of this dividend. Additionally, this balance was recognized within current assets at 31 December 2022G, 31 December 2023G, and 31 December 2024G on the basis of an assumption that this balance will remain as a current receivable at each year end.

Across the Historical Period, GSC Solutions' balance due from related parties amounted to SAR 2.4 million at 31 December 2022G and 31 December 2023G and related to Dar Al Balad Trading Company (SAR 2.4 million), and International Chemical Industries Company (SAR 12 thousand). These balances were subsequently collected in 2024G.

Assets under construction

At 31 December 2022G, assets under construction related to the renovations at GSC Solutions' factory located in Dammam. This balance was transferred to PPE during 2023G upon completion of the renovations.

Capital investments

At 31 December 2024G, the Group's capital investments DABS's short-term deposits in the Bank Al Bilad Capital Fund and Yaqeen investment portfolios, which amounted to SAR 12.9 million, along with GSC Solutions' investments of SAR 0.3 million.

The fluctuations in the capital investments were influenced by strategic investment decisions to deposit or withdraw funds, based on the Group's cash availability and working capital requirements.

Prepaid expenses and other current assets

At 31 December 2024G, the Group's prepaid expenses and other current assets mainly included prepaid expenses, prepaid value-added-tax ("VAT"), employee advances and guarantee letters insurance.

The Group's prepaid expenses and other current assets increased from SAR 4.4 million at 31 December 2022G to SAR 7.2 million at 31 December 2023G largely attributed to a SAR 2.6 million increase in DABS prepaid VAT, which resulted from the implementation of accrual-based accounting for prepaid VAT in 2023G.

In addition, DABS prepaid medical expenses increased by SAR 2.4 million at 31 December 2023G, driven by higher premiums and an increase in employee headcount.

This increase in prepaid expenses and other assets at 31 December 2023G was partially offset by a decrease in GSC Solutions' advance payments to suppliers (by SAR 1.4 million), due to the receipt of inventory relating to Industrial Maintenance Services in 2023G.

The further increase in the Group's prepaid expenses and other current assets to SAR 9.5 million at 31 December 2024G was mainly driven by an increase in DABS prepaid iqama expenses by SAR 2.4 million due to the implementation of accrual-based accounting in 2024G, coupled with the increase in prepaid VAT by SAR 1.1 million due to the increase in DABS unbilled revenues by SAR 7.5 million during the year.

This increase at 31 December 2024G was partially offset by a decrease in GSC Solutions' prepaid expenses and other current assets by SAR 0.8 million at 31 December 2024G largely driven by the decrease in advance payments to suppliers by SAR 1.0 million, as a result of receiving materials (amounting to SAR 0.9 million).

Property, plant and equipment

The Group's PPE comprised vehicles, furniture and fixture, and office equipment. The Group's capitalization policy stipulates that asset purchases must exceed SAR 500 to be capitalized.

At 31 December 2024G, GSC Solutions' PPE accounted for 93.6% of the Group's consolidated PPE, whereas DABS accounted for 6.4%.

PPE increased from SAR 5.8 million at 31 December 2022G to SAR 7.2 million at 31 December 2023G mainly due to additions of GSC Solutions' machines and equipment building by SAR 1.9 million, related to the factory's renovations.

This increase at 31 December 2023G was partially offset by the Group's depreciation charges of SAR 1.2 million during 2023G.

PPE subsequently decreased to SAR 6.1 million at 31 December 2024G primarily due to depreciation charges for the year of SAR 1.2 million.

Right-of-use assets and lease liabilities

The Group's right-of-use assets comprised lease agreements related to DABS offices in Jeddah, Riyadh, and Al-Batha (temporary project location), and GSC Solutions' factory land lease.

The Jeddah and Riyadh office leases were renewed in 2024G for a period of three years and are set to expire in 2027G, while GSC Solutions' factory land lease was renewed in 2020G for a period of 12 years and is set to expire in 2032G.

The decrease in ROU from SAR 1.0 million at 31 December 2022G to SAR 0.7 million at 31 December 2023G was driven by ROU annual depreciation charges of SAR 0.3 million related to DABS, and SAR 28 thousand related to GSC Solutions.

At 31 December 2024G, ROU remained relatively stable at SAR 0.7 million.

Trade payables

The Group's trade payables mainly comprised (i) GSC Solutions' Industrial Maintenance Services suppliers, and mobile units suppliers, and (ii) DABS medical insurance suppliers, consultancy services, and travel agency services.

At 31 December 2024G, GSC Solutions' payables accounted for 62.7% (SAR 5.7 million) of the Group's total consolidated trade payables, while DABS accounted for 37.3% (SAR 1.0 million).

The increase in trade payables from SAR 1.4 million at 31 December 2022G to SAR 8.7 million at 31 December 2023G was primarily driven by the increase in GSC Solutions' payables of SAR 5.9 million driven by the increase in purchases, with outstanding balances of SAR 4.2 million.

Additionally, there was an increase in medical insurance payables of SAR 2.5 million related to DABS as the Group settled these balances due before the end of 31 December 2022G.

The subsequent decrease in trade payables to SAR 2.6 million at 31 December 2024G was primarily due to a decrease in GSC Solution' payables to SAR 1.6 million, which was attributed to the timely settlement of payables prior to the year end.

In addition, DABS payables decreased to SAR 1.0 million due to the reclassification of medical insurance payables to accrued expenses as the invoice had not been received from Tawuniya during the year.

Accrued expenses and other current liabilities

At 31 December 2024G, DABS accrued expenses and other liabilities accounted to 85.6% of the Group's total consolidated accrued expenses and other liabilities, while GSC Solutions' accrued expenses and other liabilities accounted to 14.4%.

The increase in accrued expenses and other liabilities from SAR 6.8 million at 31 December 2022G to SAR 8.5 million at 31 December 2023G was driven by the increase in DABS VAT payable from SAR 2.1 million at 31 December 2022G to SAR 5.2 million at 31 December 2023G which was in line with the increase in sales during the year.

This was partially offset by the decrease in advance payments from GSC Solutions' customers from SAR 1.7 million at 31 December 2022G to SAR 50 thousand at 31 December 2023G. The absence of a formal advance payments policy in customer contracts contributed to this decline in advance payments from customers, as it allowed greater flexibility in customer settlements.

The further increase in accrued expenses and other liabilities to SAR 12.9 million at 31 December 2024G was primarily driven by a further increase in DABS VAT payable in line with the increase in sales during 2024G.

Due to related parties

During the Historical Period, the Group's due to related parties was financing and commercial in nature.

At 31 December 2022G, the due to related parties balance amounting to SAR 0.2 million and was related to commercial payments made by Al Dar Chemicals Company on behalf of GSC Solutions.

The balances due to related parties increased to SAR 1.0 million at 31 December 2023G and was related to (i) GSC Solutions' balances due to related parties of SAR 0.8 million for commercial payments made by Al Dar Chemicals Company on behalf of GSC Solutions and (ii) DABS' balances due to related parties of SAR 0.2 million related to expenses settled by Dar AlBalad for Maintenance and Operation on behalf of DABS.

At 31 December 2024G, the Group's balances due to related parties decreased to SAR 0.6 million and was related to commercial payments made by Al Dar Chemicals Company on behalf of GSC Solutions.

Short-term loans

At 31 December 2022G, the Group's short-term loan of SAR 2.3 million related to GSC Solutions. This loan was secured from the Saudi Investment Bank as a working capital facility to facilitate vendor payments. The facility was fully settled during 2023G.

Short-term loans of SAR 9.4 million at 31 December 2023G related to SAR 4.9 million from the Saudi Investment Bank and SAR 4.5 million from the Saudi National Bank. These credit facilities were obtained in order to finance performance guarantees through the Kafalah Program, which provides financing to SME's. However, during 2024G, the Group settled both credit facilities.

Long-term employee benefit obligations

The Group operates a defined benefit plan in line with the Labor Law requirement in KSA, where it maintains a liability for end of service benefits for all employees under its sponsorship.

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. The Group's benefit payment obligation is met when they fall due upon termination of employment. Under IFRS, this liability is based on actuarial valuation reports, which involve the use of assumptions (such as future salary increases, mortality rates, and discount rates). These assumptions are reviewed at each year end.

The EOSB is prepared by Paragon Actuarial at the Group level (i.e. ADDAR Group), after which the respective EOSB results are allocated to DABS and GSC Solutions.

The increase in EOSB from SAR 8.1 million at 31 December 2022G to SAR 11.3 million at 31 December 2023G was primarily driven by the increase in the average number of DABS employees (i.e. employees deployed and G&A staff, excluding external labor) from 512 employees in 2022G to 636 employees in 2023G, coupled with a higher EOSB paid out in 2022G as compared to 2023G.

At 31 December 2024G, EOSB decreased to SAR 10.9 million, mainly due to (i) DABS' actuarial losses of SAR 2.6 million following the adjustment of salary increments within the actuarial study from 4.75% to 1.5% and (ii) payments of SAR 1.6 million to employees leaving the Group.

This decrease was partially offset by the increase in (i) DABS' EOSB provision driven by the increase in average employee headcount from 636 employees in 2023G to 770 employees in 2024G and (ii) GSC Solutions' EOSB balance to SAR 0.9 million at 31 December 2024G mainly due to the accrual of EOSB related to existing staff.

Total equity

The components of shareholders equity were primarily related to DABS following the elimination of GSC Solutions' paid capital, legal reserves, and retained earnings upon consolidation.

The following table presents the Group's proforma special purpose consolidated statements of cash flows for the financial years ended 31 December 2022G, 2023G and 2024G:

Table (6.43): Proforma special purpose consolidated statement of cash flows for the financial years ended 31 December 2022G, 2023G and 2024G:

Currency: SAR'000	31 December 2022G	31 December 2023G	31 December 2024G	Variance (2022G- 2023G)	Variance (2023G- 2024G)
Profit before Zakat	27,969.7	49,254.5	51,389.5	76.1%	4.3%
Adjustments for non-cash income and expense items:					
Unrealized gain/loss in investments	(56.3)	(718.9)	2,526.2	1,176.9%	(451.4%)
Provision for EOSB	1,760.9	2,004.1	3,332.5	13.8%	66.3%
Impairment loss on trade receivables	1,915.2	861.4	361.1	(55.0%)	(58.1%)
Finance cost	203.7	213.0	522.4	4.6%	145.3%
Depreciation right of use assets	228.4	305.1	245.2	33.6%	(19.6%)
Depreciation and amortization	723.4	1,243.2	1,277.1	71.9%	2.7%

Currency: SAR'000	31 December 2022G	31 December 2023G	31 December 2024G	Variance (2022G- 2023G)	Variance (2023G- 2024G)
Changes in operating assets and liabilities:					
Inventories	(194.6)	2,621.4	(2,046.3)	(1,447.1%)	(178.1%)
Assets under construction	(42.9)	625.5	-	(1,558.0%)	(100.0%)
Prepayments and other current assets	(1,858.7)	(2,780.4)	(2,307.0)	49.6%	(17.0%)
Trade receivables	(7,568.3)	(9,253.3)	(10,213.9)	22.3%	10.4%
Unbilled revenues	1,146.9	(11,316.8)	(10,477.9)	(1,086.7%)	(7.4%)
Trade payables	1,020.5	7,289.9	(6,070.7)	614.3%	(183.3%)
Accrued expenses and other current liabilities	3,059.3	1,694.2	4,379.8	(44.6%)	158.5%
Due from a related parties	(4,959.6)	(10,176.0)	(10,300.8)	105.2%	1.2%
Due to related parties	311.9	798.6	(382.4)	156.0%	(147.9%)
Cash flow from operating activities	23,659.6	32,665.5	22,234.8	38.1%	(31.9%)
Zakat paid	(1,261.3)	(1,572.5)	(2,681.9)	24.7%	70.6%
EOSB paid	(1,487.5)	(98.2)	(1,613.1)	(93.4%)	1,542.7%
Net cash flows generated from operating activities	20,910.8	30,994.8	17,939.8	48.2%	-42.1%
Additions to fair value investments	(883.5)	(14,534.7)	383.4	1545.1%	(102.6%)
Additions to PPE	(252.5)	(2,666.9)	(152.1)	956.2%	(94.3%)
Net cash flows generated from / (used in) investing activities	(1,136.0)	(17,201.6)	231.4	1414.2%	(101.3%)
Dividends paid	(8,000.0)	(11,332.9)	(5,000.0)	41.7%	(55.9%)
Additional capital contributions	-	-	10,000.0	-	100.0%
Repayment of short-term borrowings	(6,731.2)	7,117.3	(9,427.0)	(205.7%)	(232.5%)
Lease liabilities paid	(289.9)	(321.4)	(256.2)	10.9%	(20.3%)
Due to related parties	(4,700.0)	-	-	(100.0%)	-
Net cash flows used in financing activities	(19,721.1)	(4,537.0)	(4,683.2)	-77.0%	3.2%
Net increase in cash and cash equivalents	53.7	9,256.2	13,488.0	17,136.9%	45.7%
Cash and cash equivalents at the beginning of the year	12,120.2	12,173.8	21,430.1	0.4%	76.0%
Cash and cash equivalents at the end of the year	12,173.8	21,430.1	34,918.0	76.0%	62.9%

Source: Audited proforma special purpose consolidated financial statements for the year ended 31 December 2024G and Group Information

Net cash flows generated from operating activities

The Group's CFO increased by SAR 10.1 million in 2023G, primarily driven by a SAR 21.3 million increase in profit before Zakat and a SAR 7.3 million increase in trade payables. The latter was due to higher GSC Solutions purchases, along with additional Mobile Units acquired.

In addition, DABS payables to Tawuniya increased by SAR 2.5 million, as prior-year dues had been settled before the year end.

This increase in 2023G was partially offset by the increase in (i) unbilled revenues by SAR 11.3 million due to delayed invoicing resulted from extended employee timesheet reviews and (ii) due from related parties by SAR 10.2 million in relation to a SAR 14.2 million decrease in capital contributions, used to settle a short-term loan from the parent company. Furthermore, an investment of SAR 12.0 million was transferred to the parent company, Dar AlBalad Trading Company.

The subsequent decrease in CFO by SAR 0.2 million in 2024G was primarily driven by a SAR 10.2 million increase in trade receivables in-line with DABS revenue growth.

This was partially offset by a decline in (i) GSC Solutions' trade receivables due to lower revenue, write-offs, and collections from customers, and (ii) the increase in accrued expenses and other current liabilities largely due to the increase in DABS VAT payables and delayed quarterly invoices from Tawuniya.

Net cash flows generated from / (used in) investing activities

The Group's CFI comprised additions to investments, investments at fair value through profit or loss, and additions to PPE.

The increase in cash used in investing activities by SAR 17.2 million in 2023G was primarily driven by a SAR 11.5 million investment in Al Bilad Capital Fund and a SAR 3.7 million increase in its investments in Yaqeen Capital.

In addition, GSC Solutions' capital investments at fair value increased due to additional deposits into its investment portfolio. This increase was coupled with an increase in DABS and GSC Solutions' additions to PPE which mainly related to DABS vehicles and GSC Solutions' machines and equipment.

Net cash generated from investing activities in 2024G was related to the increase in GSC Solutions' investments portfolio due to the acquisition of shares during the year, and cash outflows of SAR 0.2 million in relation to additions to PP&E.

Net cash flows used in financing activities

In 2022G, CFI largely related to dividends distribution, repayment of GSC Solutions' short-term borrowings with Saudi Investment Bank of SAR 6.7 million, and the settlement of a loan from a related party amounting to SAR 4.7 million which was financing in nature.

The decrease in cash used in financing activities by SAR 15.2 million in 2023G was mainly driven by dividends payments of SAR 11.3 million, partially offset by proceeds from DABS loan with Saudi Investment Bank of SAR 7.1 million.

CFI increased by SAR 0.1 million in 2024G largely driven by additional capital contributions of SAR 10.0 million in relation to a direct cash injection from Dar AlBalad Trading Company, partially offset by the repayment of DABS short-term borrowings amounting to SAR 9.4 million.



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DIVIDEND DISTRIBUTION POLICY



7. DIVIDEND DISTRIBUTION POLICY

Under Article 107 of the Companies Law, a Shareholder is vested with all rights attached to Shares, which includes in particular the right to receive a share in the dividends declared for distribution. The Board of Directors shall recommend declaring and paying any dividends before approval by the Shareholders at the meeting of the General Assembly. The Company is under no obligation to declare dividends and any decision to do so will depend on, inter alia, the Company's historic and anticipated profits and cash flow, financing and capital requirements, market and general economic conditions, the restrictions to which the dividend distribution process is subject under Financing and Debt Agreements, the Zakat, and the other legal and regulatory considerations. For example, Shares give their holders the right to receive the dividends announced by the Company from the date of this Prospectus and in the following Financial Years. Despite the Company's intention to distribute annual dividends to its Shareholders, there are no guarantees that such dividends will be actually distributed, nor is there any guarantee regarding the amounts of dividends paid in any year.

The Board of Directors shall implement the General Assembly's resolution regarding the distribution of dividends to registered Shareholders within fifteen (15) Business Days from the date on which they are entitled to such dividends, as specified in that resolution or the resolution of the Board of Directors to distribute interim dividends. Dividend distribution is also subject to the restrictions set out in the Company's Bylaws. Such dividends shall be distributed in Saudi Riyals.

The following is a summary of share dividends declared and distributed by the Company during the Financial Years ended 31 December 2022G, 31 December 2023G, 31 December 2024G, and the Six-Month Period Ended 30 June 2025G.

Table (7.1): Dividends Declared and Distributed by the Company during the Financial Years ended 31 December 2022G, 31 December 2023G, 31 December 2024G, and the Six-Month Period Ended 30 June 2025G:

	31 December 2022G	31 December 2023G	31 December 2024G	Six-Month Period Ended 30 June 2025G
Declared Dividends	8,000,000 ⁽¹⁾	11,332,876 ⁽²⁾	5,000,000 ⁽³⁾	0
Dividends Paid during the Year	8,000,000	11,332,876	5,000,000	0
Net Profit	23,261,692	32,454,168	39,607,974	24,752,549
Ratio of declared dividends to the Company's net profits (%)	34.4%	34.9%	12.7%	0

Source: the Company

(1) On 21/10/1443H (corresponding to 22/05/2022G), the Company's Capital Owner agreed to distribute dividends in the amount of SAR 8,000,000 for FY22G.

(2) On 16/11/1444H (corresponding to 05/06/2023G), the Company's Capital Owner agreed to distribute dividends in the amount of SAR 6,000,000 for FY23G. On 24/11/1444H (corresponding to 13/06/2023G), an amount of SAR 4,332,876 was settled against an outstanding balance for Dar AlBalad Commercial Company. On 07/01/1445H (corresponding to 25/07/2023G), an amount of SAR 1,000,000 was settled against an outstanding balance for Dar AlBalad Commercial Company.

(3) On 09/12/1445H (corresponding to 15/06/2024G), the Company's Capital Owner agreed to distribute dividends in the amount of SAR 5,000,000 for FY24G.

The Board of Directors approved, pursuant to its resolution dated 20/05/1447H (corresponding to 10/11/2025G) and a mandate from the Ordinary General Assembly dated 29/05/1447H (corresponding to 20/11/2025G), the distribution of cash dividends for the Financial Year Ended 31 December 2024G, in the total amount of SAR 9,000,000. On 08/08/1447H (corresponding to 27/01/2026G), the Board of Directors issued a resolution to cancel its previous resolution dated 20/05/1447H (corresponding to 10/11/2025G) regarding the dividend distribution, effective from 08/08/1447H (corresponding to 27/01/2026G), and the cancellation resolution was approved by the Ordinary General Assembly on 12/07/1447H (corresponding to 29/01/2026G). The full amount of 9,000,000 Saudi Riyals has been reimbursed on 10/08/1447H (corresponding to 29/01/2026G).

During 2022G, the Company provided loans to Dar AlBalad Commercial Company totaling SAR 12,400,000, to be added to the Company's debit balance as at 31/12/2021G amounting to SAR 8,850,030 (which is a loan granted by the Company to Dar AlBalad Commercial Company during 2021G), from which the value of payments during 2022G amounting to SAR 2,700,000 is deducted, so the debit balance becomes SAR 18,550,030. On 24/11/1444H (corresponding to 13/06/2023G), a debit balance of SAR 18,550,030 resulting from loans granted by the Company to Dar AlBalad Commercial Company during 2021G and 2022G was settled by reducing the retained earnings balance by SAR 4,332,864 and fully amortizing the additional capital balance of SAR 14,217,166, pursuant to the Capital Owner's resolution on that date. On 07/01/1445H (corresponding to 25/07/2023G), a debit balance of SAR 1,000,000 resulting from a loan granted by the Company to Dar AlBalad Commercial Company was settled by reducing the Company's retained earnings, pursuant to the Capital Owner's resolution on that date.

Shareholders shall be entitled to their shares in dividends, whether in cash or in the form of Shares, by virtue of the General Assembly resolution in this regard. Such resolution shall designate the due date and the distribution date. Shareholders registered in the Shareholders Registers as at the end of the due day shall be entitled to dividends.

The Shares will entitle their holders to receive any dividends declared by the Company from the date of this Prospectus and for subsequent financial years. The Offer Shares do not entitle to any distribution of dividends declared prior to the date of this Prospectus. The first entitlement with regard to the Offer Shares will be to the dividends declared by the Company from the date of this Prospectus and for subsequent financial years.



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DAR ALBALAD FOR BUSINESS SOLUTIONS



USE OF PROCEEDS



8. USE OF PROCEEDS

Total Offering Proceeds amounted to around two hundred four million seven hundred fifty thousand Saudi Riyals (SAR 204,750,000), of which approximately eighteen million Saudi Riyals (SAR 18,000,000) (not inclusive of the Value Added Tax) will be applied towards all the Offering expenses, which include the fees of Saudi Stock Exchange (Tadawul) and the Securities Depository Center Company (Edaa), as well as other expenses pertaining to the Listing of Shares, the fees of the Financial Advisor, the Lead Manager, the Underwriter, the Legal Advisor, the accountants, the Receiving Entities, the Market Study Consultant and other Advisors, as well as the fees of translation, marketing and distribution and other costs and expenses related to the Offering.

Net Offering Proceeds, amounting to approximately one hundred eighty-six million seven hundred fifty thousand Saudi Riyals (SAR 186,750,000), will be distributed to the Selling Shareholder, whereas the Company will not receive any part thereof. Moreover, the Selling Shareholder shall bear all fees, expenses, and costs related to the Offering.



دار البلد لحلول الأعمال
DAR ALBALAD FOR BUSINESS SOLUTIONS



CAPITALIZATION AND INDEBTEDNESS



9. CAPITALIZATION AND INDEBTEDNESS

Prior to the Offering, the Current Shareholders owned the entire Shares of the Company and, following the completion of the Offering, the Current Shareholders will collectively own 68.5% of the Company's Shares.

The table below sets out the capitalization of the Company as derived from the audited financial statements for the Financial Years Ended 31 December 2022G, 31 December 2023G, 31 December 2024G, and the condensed interim consolidated financial statements for the Six-Month Period Ended 30 June 2025G. The following table should be read in conjunction with the relevant Financial Statements, including the notes thereto, which are set out in Section 19 ("Financial Statements and Auditor's Reports") of this Prospectus.

Table (9.1): Capitalization and Indebtedness of the Company

(SAR)	As at FY22G	As at FY23G	As at FY24G	As at the Six-Month Period Ended 30 June 2025G
Total Loans (SAR in 000s)	-	9,427	-	0
Capital (SAR in 000s)	1,000	1,000	50,000	70,000
Additional Capital Contributions (SAR in 000s)	14,217	-	10,000	21,840
Statutory Reserve (SAR in 000s)	300	300	4,261	0
Retained Earnings (SAR in 000s)	35,965	56,118	40,412	59,426
Total Shareholders' Equity (SAR in 000s)	51,483	57,418	104,673	151,265
Total Capitalization (total loans + total Shareholders' equity) (SAR in 000s)	51,483	66,845	104,673	151,265
Total Loans / Total Capitalization	-	14.10%	-	-

Source: the audited financial statements for the Financial Years ended 31 December 2023G, 31 December 2024G, and the Six-Month Period Ended 30 June 2025G

The Directors confirm that:

- As at the date of this Prospectus, none of the Company's Share is under option.
- As at the date of this Prospectus, the Company does not have any debt instruments.
- The Company's existing cash balances and cash flows are sufficient to meet its anticipated cash needs for working capital and capital expenditure for at least twelve (12) months following the date of this Prospectus, subject to no material adverse change affecting the Company's business.



دار البلد لحلول الأعمال
DAR ALBALAD FOR BUSINESS SOLUTIONS



EXPERTS' STATEMENT



10. EXPERTS' STATEMENT

As at the date hereof, all independent Advisors and Auditors, listed on pages (vi) and (vii) have provided and not withdrawn their written consent to publish their names, addresses, and logos, as well as statements and reports (as applicable) attributed to them in this Prospectus. Neither the Advisors nor any of their employees (forming part of the team serving the Company), or Relatives have any shareholding or interest of any kind in the Company, as at the date of this Prospectus, in a manner that would impair their independence.



دار البلد لحلول الأعمال
DAR ALBALAD FOR BUSINESS SOLUTIONS



DECLARATIONS



11. DECLARATIONS

The members of the Board of Directors declare the following:

- 1- The Offering does not constitute a breach of the relevant laws and regulations in the Kingdom.
- 2- The Offering does not constitute a breach of any contracts or agreements to which the Issuer is a party.
- 3- All material legal issues concerning the Issuer have been disclosed in the Prospectus.
- 4- The Issuer or its Subsidiary is not subject to any lawsuits, or any type of legal proceedings that could individually or collectively have a material effect on its business or financial position.
- 5- The Directors of the Issuer are not subject to any lawsuits or any type of legal proceedings that could individually or collectively have a material effect on the Issuer's business or financial position.
- 6- None of the members of the Board of Directors nor any of the Executive Management members, the Secretary, nor any of their Relatives nor Affiliates have a direct or indirect interest whatsoever in the Company's Shares, nor any interest in any other matter that may impact the Company's business.
- 7- Except as disclosed in Section 5 ("**Organizational Structure and Corporate Governance**") and Section 12.8 ("**Transactions and Contracts with Related Parties**") of this Prospectus, none of the members of the Board of Directors nor do any of the Senior Executives, Secretary, or their Relatives or Affiliates, have any interest in any written or verbal contract or arrangement contemplated or expected to be conducted with the Company.
- 8- There is no conflict of interest related to the Directors with respect to contracts or transactions entered into with the Company, as at the date of this Prospectus.
- 9- Except as disclosed in Section 5 ("**Organizational Structure and Corporate Governance**") and Section 12.8 ("**Transactions and Contracts with Related Parties**") of this Prospectus, neither they nor any of their Relatives or Affiliates have any Shares or interest of any kind in the Company, as at the date of this Prospectus.
- 10- The Company prepares, as per the necessary regulations and policies it follows, the annual financial statements in conformity with IFRS-KSA and within the deadlines set in the OSCOs. Furthermore, the Company relies on the necessary regulations and policies to prepare all the other financial and non-financial reports, as required by the OSCOs and within the timeframes set out therein.
- 11- The Issuer - individually or in participation with the Subsidiary - has sufficient working capital for at least twelve (12) months immediately following the date of this Prospectus.
- 12- Except as disclosed in Section 12.9 ("**Credit Facilities and Loans**") of this Prospectus, the Company has not issued any debt instruments, nor does it have any term loans or any other outstanding borrowings or indebtedness (including bank overdrafts, liabilities under acceptance, acceptance credits or hire purchase commitments).
- 13- As at the date of this Prospectus, there is no intention to materially change the nature of the Company's business.
- 14- There has been no interruption in the business of the Issuer or the Subsidiary that may significantly affect or have affected its financial position in the last twelve (12) months.
- 15- No commissions, discounts, brokerages or other non-cash compensations were granted to any of the Directors by the Company or the Subsidiary within the three (3) years immediately preceding application for registration and offer of securities in connection with the issue or offering of any securities.
- 16- There has been no material adverse change in the financial or trading position of the Company or the Subsidiary in the three (3) years immediately preceding the date of filing the application for registration and offering of securities subject to this Prospectus, in addition to the period covered by the Auditors' report and until the date of the approval of this Prospectus.
- 17- The internal control measures and regulations were soundly prepared to establish a written policy that regulates present or potential conflicts of interest, including the misuse of the Company's assets and misfeasance resulting from transactions with Related Parties; in addition to safeguarding the security of financial and operational systems, and ensuring the implementation of appropriate supervisory measures to manage potential risks in accordance with Article 21 of the Corporate Governance Regulations. Furthermore, the Board shall conduct annual reviews of the Company's internal control measures.
- 18- None of the Directors or the CEO will vote on resolutions that relate to any transaction or contract in which the Directors or the CEO have a direct or indirect interest.
- 19- The Directors have developed procedures, controls and systems that would enable the Company to meet all the requirements of the relevant laws, regulations and instructions, including Companies Law, Capital Market Law and its implementing regulations, Rules on the Offer of Securities and Continuing Obligations and Listing Rules.
- 20- The Company has submitted and will submit to the CMA all documents required under the Capital Market Law and the OSCOs.

- 21- There is no pledge, mortgage or financial burden on any of the Company's assets.
- 22- Except as disclosed in Section 5.8 ("**Employee Share Scheme**") of this Prospectus, and as at the date of this Prospectus, the Company does not have any employee share schemes in place for its employees or any other arrangement involving the employees in the capital of the Company.
- 23- All the Company employees are under its sponsorship.
- 24- Unless otherwise approved by the General Assembly, the Directors may not have a direct or indirect interest in the transactions and contracts entered into for the account of the Company.
- 25- The Directors will notify the Board of any direct or indirect interest they may have in the transactions and contracts entered into for the account of the Company, and this notification will be recorded in the minutes of the Board of Directors meeting.
- 26- There are no research and development policies adopted by the Company, as at the date of this Prospectus.
- 27- No Shares of the Company are under option, as at the date of this Prospectus.
- 28- The Directors, Senior Executives and Secretary have not at any time been declared bankrupt or subject to bankruptcy proceedings.
- 29- None of the companies in which any of the Directors, Senior Executives or Secretary was employed in a managerial or supervisory capacity, was declared insolvent or bankrupt during the past five (5) years preceding the date of this Prospectus.
- 30- No powers exist giving any of the Directors the right to borrow money from the Company.
- 31- All necessary approvals were obtained for the offering of the Company's Shares in the stock market and for it to become a public joint-stock company.
- 32- The Company is able to prepare the required reports in a timely manner, according to the implementing regulations issued by the CMA.
- 33- As at the date of this Prospectus, the persons whose names appear in Section 4.7 ("**Overview of Shareholders**") are the direct and indirect legal and beneficial owners of the Company's Shares.

The Directors further declare complying with the provisions of Articles 71, and 72 of the Companies Law and Article 40 of the Corporate Governance Regulations with respect to contracts with Related Parties as follows:

- 1- All transactions entered into by the Company with Related Parties shall be entered into on an arm's-length basis, and all works and contracts with Related Parties shall be subject to vote in meetings of the Board of Directors, or (if required by law), the Ordinary General Assembly. Directors may not vote on any decision related to transactions or contracts conducted for the account of the Company in which they have a direct or indirect interest, whether in the Board of Directors or the General Assembly.
- 2- As at the date of this Prospectus, the members of the Board of Directors have not participated, jointly or severally, in any activities similar or competitive with the activities of the Company. The members of the Board of Directors further undertake to fulfil the requirements in the future, in accordance with Articles 27, 71, and 72 of the Companies Law, and Chapter 6 of Part Three of the Corporate Governance Regulations.
- 3- Neither the Directors nor any Senior Executive shall obtain a loan from the Company, and the Company shall not guarantee any loan entered into by a Director.

In addition to the declarations described above, the Directors and the CEO declare that:

- 1- The Directors and the CEO shall not have the right to vote on decisions relating to their fees and remuneration.

The Board of Directors also declares that:

- 1- The internal control, accounting and IT systems are sufficient and adequate.
- 2- This Prospectus contains all the information to be included under the OSCOs requirements and does not omit any other fact that would have any impact on the application for the Securities Registration and Offering herein.
- 3- Third-party information and data included in this Prospectus, including the information obtained or derived from the market study report conducted by the Market Research Consultant, is reliable and the Company has no reason to believe that such information is materially inaccurate; and the statistical information used in Section 3 ("**Market and Industry Section**") of this Prospectus, which was obtained or derived from external sources, represents the latest information available at the respective source.
- 4- All terms and conditions that may affect the decisions of the Subscribers to invest in Company Shares have been disclosed.

- 5- The Company does not currently intend to conclude any new contracts with Related Parties, except for the renewal of the previously concluded contracts with Related Parties mentioned herein. However, in the event that the Company wishes to sign new contracts with Related Parties in the future, the Company shall comply with Articles 27, 71, and 72 of the Companies Law and Article 44 of the Corporate Governance Regulations.
- 6- All increases and decreases in the capital of the Company are in compliance with the laws and regulations applicable in Saudi Arabia.
- 7- The Company does not have any securities (contractual or otherwise) or any assets where the value is subject to fluctuation, which would adversely and materially affect the assessment of the financial position.
- 8- There are no mortgages, rights or charges on the Company's properties, as at the date of this Prospectus.
- 9- Except as disclosed in Section 2 ("**Risk Factors**") hereof, the Company is not aware of any information regarding any governmental, economic, financial, monetary or political policies or any other factors that have materially affected or may materially affect (directly or indirectly) its operations.
- 10- Except as disclosed in Section 2 ("**Risk Factors**") hereof, the Company is not aware of any seasonal information or business cycles related to its activity that would affect the Company' business or financial position.
- 11- The Company has insurance policies with sufficient insurance coverage to carry out its business. The Company renews its insurance policies regularly, to ensure continued insurance coverage and it took all reasonable security measures as per applicable industry practices.
- 12- All agreements which the Company considers to be material or important or which have an impact on an Investor's decision to invest in the Offer Shares have been disclosed. There are no other material agreements or contracts that have not been disclosed.
- 13- Except as disclosed in Section 2 ("**Risk Factors**") hereof, and to the best of their knowledge and belief, there are no other material risks that may affect a prospective investors' decision to invest in the Offer Shares.
- 14- As at the date of this Prospectus, the Company has obtained all necessary licenses and permits to carry out its business activities, except as disclosed in Section 12.5 ("**Government Consents, Licenses and Certificates**") hereof.
- 15- The Company is not a party to any litigation, claims, lawsuits or current investigations that could materially affect its business operations or financial position.
- 16- The Special Purpose Financial Statements for the Financial Year Ended 31 December 2022G, and the Audited Financial Statements for the Financial Years Ended 31 December 2023G and 31 December 2024G have been prepared by the Company in accordance with IFRS-KSA and other standards and pronouncements that are endorsed by SOCPA. The financial statements for the Financial Years Ended 31 December 2022G, 31 December 2023G, and 31 December 2024G were audited by Talal Abu-Ghazaleh & Co. (Certified Public Accountants), in accordance with the International Standards on Auditing (ISA) approved in the Kingdom of Saudi Arabia.
- 17- The Company and its Material Subsidiary's unaudited Pro Forma Financial Statements for the Financial Years Ended 31 December 2022G, 31 December 2023G, and 31 December 2024G were prepared by Talal Abu-Ghazaleh & Co. (Certified Public Accountants) in accordance with IFRS-KSA.
- 18- The condensed interim consolidated financial statements for the Six-Month Period Ended 30 June 2025G have been prepared in accordance with Standard No. (34) "**Interim Financial Reporting**" by Talal Abu-Ghazaleh & Co. (Certified Public Accountants), as adopted in the Kingdom of Saudi Arabia.
- 19- All necessary approvals have been obtained from lenders to offer 30% of the Company Shares in order for the Company to be a public joint-stock company.
- 20- The Company is in compliance with all terms and conditions under the agreements with lenders granting loans, facilities and financing.
- 21- As at the date of this Prospectus, there has been no breach of the contractual terms and conditions under the agreements signed with the entities providing loans, facilities and financing, and the Company complies with all the terms and conditions thereof.
- 22- All Board of Directors resolutions and deliberations shall be recorded by means of written minutes of meetings, which shall be signed by the Directors.
- 23- The details of any Related Party transactions shall be disclosed in accordance with the Companies Law, the Corporate Governance Regulations and the Capital Market Authority laws and regulations.
- 24- The Company undertakes to submit the latest interim/annual financial statements (as applicable) to the CMA, to be included in the initial Prospectus before starting the Offering of the Company's Shares or in the final Prospectus, or to be declared before Listing the Company's Shares (as applicable), in accordance with the periods stipulated in the Rules on the Offer of Securities and Continuing Obligations of listed companies.



دار البلد لحلول الأعمال
DAR ALBALAD FOR BUSINESS SOLUTIONS



LEGAL INFORMATION



12. LEGAL INFORMATION

12.1 Declarations Related to Legal Information

The members of the Board of Directors declare that:

- The Offering does not violate the related laws and regulations in the Kingdom of Saudi Arabia.
- The Offering does not prejudice any contracts or agreements to which the Company is a party.
- All material legal information relating to the Company has been disclosed in this Prospectus.
- The Company and the Subsidiary are not subject to any lawsuits or legal proceedings that may, individually or collectively, have a material effect on the business of the Company or the Subsidiary or their financial position.
- The members of the Issuer's Board of Directors are not subject to any lawsuits or legal proceedings that may, individually or collectively, have a material effect on the business of the Company or its financial position.

12.2 The Company

Dar AlBalad for Business Solutions Company is a Saudi closed joint-stock company established under Unified Commercial Register No. 7002303746 dated 17/05/1422H (corresponding to 07/08/2001G) issued in Riyadh, Kingdom of Saudi Arabia. As listed in the Commercial Register, the Head Office of the Company is located in Al Artawi, Al Olaya District, 7768, Riyadh, Kingdom of Saudi Arabia. The current share capital of the Company is seventy million Saudi Riyals (SAR 70,000,000) divided into seventy million (70,000,000) Ordinary Shares with a fully paid-up nominal value of one Saudi Riyal (SAR 1) per share.

The Company conducts its activities under Unified Commercial Register No. 7002303746 dated 17/05/1422H (corresponding to 07/08/2001G), and its activities, in accordance with its Bylaws, consist of undertaking and carrying out the following objectives:

- 1- Computer programming activities
- 2- Computer consultancy and computer facilities management activities
- 3- Data processing, website hosting and related activities
- 4- Activities of holding companies, i.e. units that hold assets (owning controlling levels of equity) of a group of subsidiary corporations and whose principal activity is owning the group
- 5- Management consultancy activities
- 6- Temporary employment agency activities
- 7- Combined facilities support activities
- 8- Organizing conferences and trade shows
- 9- Computer and peripheral equipment repair

As per the Commercial Register of the Company and its Branches, the Company's main activities consist of carrying out and implementing the following objectives:

- 1- Analysis of systems
- 2- Designing and programming special software
- 3- Virtual Reality technologies
- 4- Artificial Intelligence Technologies
- 5- Provision of network management and monitoring services
- 6- Big Data Technologies and Data Science
- 7- Providing call center services
- 8- Building and operating a geospatial platform/portal
- 9- Management of Holding Companies subsidiaries
- 10- Possessing real estate and movables required for Holding Companies

- 11- Providing services Senior Management Consulting
- 12- Temporary employment agency activities for Saudis
- 13- Provision of maintenance services within facilities
- 14- Operation of exhibition and conference centers and facilities
- 15- Repair and maintenance of personal computers and laptops (of all types)
- 16- Repair and maintenance of magnetic disk drives, flash drives, optical disk drives (CD-RW, CD-ROM, DVD-ROM, DVD-RW) and other storage devices

For more details, please refer to Section 4.1 ("**Overview of the Company and its Business Activities**") of this Prospectus.

12.3 Shareholding Structure

The following table sets out the ownership of shares and Shareholders in the Company before and after the Offering:

Table (12.1): Company's Shareholding Structure Pre-and Post-Offering as at the Date of this Prospectus

Shareholder Name	Shareholding (Pre-Offering)			Shareholding (Post-Offering)		
	No. of Shares	Par Value (SAR)	Direct Ownership	No. of Shares	Par Value (SAR)	Direct Ownership
Dar AlBalad Commercial Company	67,200,000	67,200,000	96%	45,150,000	45,150,000	64.5%
Najm for Commercial Investment Company	1,400,000	1,400,000	2.0%	1,400,000	1,400,000	2.0%
Najm AlOlaya Commercial Company	1,400,000	1,400,000	2.0%	1,400,000	1,400,000	2.0%
Treasury Shares ⁽¹⁾	-	-	-	1,050,000	1,050,000	1.5%
Public	-	-	-	21,000,000	21,000,000	30.0%
Total	70,000,000	70,000,000	100%	70,000,000	70,000,000	100%

Source: the Company

- (1) The Company's Extraordinary General Assembly approved the allocation of Treasury Shares for the purpose of using them under the employee share scheme. For more details regarding the employee share scheme, please refer to Section 5.8 ("**Employee Share Scheme**") of this Prospectus.

The details related to the ownership of each of the Shareholders are set out in Section 4.7 ("**Overview of Shareholders**") of this Prospectus.

12.4 Subsidiaries

The Company currently holds a direct interest in one Subsidiary, GSC Solutions (formerly Global Specialty Chemicals Company), which was acquired from Dar AlBalad Commercial Company in January 2025G. In accordance with the OSCOs, a Subsidiary is considered material if it accounts for 5% or more of the Issuer's total assets, liabilities, revenue, profits, or contingent liabilities. Accordingly, the Subsidiary is considered a material Subsidiary of the Company, as the Subsidiary's revenue accounted for 13%, 19%, and 11% of the Group's total revenue in the Financial Years Ended 31 December 2022G, 31 December 2023G and 31 December 2024G, respectively, according to the unaudited Pro Forma Financial Statements. With respect to the Six-Month Period Ended 30 June 2025G, the Subsidiary's revenue represented 9.07% of the Group's total revenue, as per the reviewed but unaudited interim financial statements for the Six-Month Period Ended 30 June 2025G.

Below is an overview of the direct interest held by the Company in its material Subsidiary, GSC Solutions (formerly Global Specialty Chemicals Company).

Table (12.2): Material Subsidiaries in which the Company Holds Interests

Subsidiary Name	Unified CR No.	Country of Incorporation	Main Commercial Activities	Capital	Company's Ownership Percentage
GSC Solutions (formerly Global Specialty Chemicals Company)	7001690887	KSA	Repair of electrical equipment; repair and maintenance of booster and control stations; repair, maintenance, and storage of primary and storage batteries; repair and maintenance of electrical lighting equipment; repair and maintenance of electrical current wires for electrical circuits; installation of industrial devices in industrial facilities; installation of industrial process control equipment; complete dismantling of large machinery and equipment; installation of telecommunications equipment; installation of mainframe computers; installation of radiological and medical equipment and devices; installation of bowling equipment; installation of machinery and equipment fittings; electrical wiring installation; telecommunications wiring installation; network cabling; installation and extension of computer and telecommunications networks; wholesale of chemicals; wholesale and supply of chemical and natural substances used in pollution control; wholesale of chemicals used in educational laboratories; wholesale of soap and detergents; retail sale of cleaning materials; sale and installation of machinery and factory equipment; provision of top-level management consulting services.	SAR 500,000	100%

Source: the Company

12.5 Government Consents, Licenses, and Certificates

The Company, its Branches, and its Subsidiary have obtained several regulatory and operational licenses and certificates from the competent authorities, which are renewed periodically. The members of the Board of Directors declare that the Company has obtained all licenses and approvals required to conduct its business. The tables below set out the current licenses and certifications obtained by the Company:

Table (12.3): Details of the Company's Unified Commercial Register Certificate

License Type	Purpose	Location	CR	Registration Date	Annual Confirmation Date
CR Certificate	Company registration in the Commercial Register	Riyadh	7002303746	07/05/1422H (corresponding to 07/08/2001G)	20/11/1447H (corresponding to 07/05/2026G)

Source: the Company

Table (12.4): Details of the Commercial Registration Certificates of the Company's Branches

No.	License Type	Purpose	Branch	Location	Commercial Registration	Registration Date	Expiry Date
1	CR Certificate	Branch registration in the Commercial Register	Dairat AlBalad for Trading Company	Riyadh	7002999923	18/03/1427H (corresponding to 16/04/2006G)	30/11/1447H (corresponding to 17/05/2026G)

No.	License Type	Purpose	Branch	Location	Commercial Registration	Registration Date	Expiry Date
2	CR Certificate	Branch registration in the Commercial Register	Dar AlBalad Contracting and Operation Company	Riyadh	7002303761	12/01/1434H (corresponding to 26/11/2012G)	30/11/1447H (corresponding to 17/05/2026G)
3	CR Certificate	Branch registration in the Commercial Register	Dar AlBalad for Communications and IT	Jeddah	7002475247	14/03/1435H (corresponding to 15/01/2014G)	30/11/1447H (corresponding to 17/05/2026G)

Source: the Company

Table (12.5): Details of the Unified Commercial Registration Certificate of the Subsidiary

No.	License Type	Purpose	Company	Location	Unified Commercial Registration	Registration Date	Annual Confirmation Date
1	CR Certificate	Company registration in the Commercial Register	GSC Solutions (formerly Global Specialty Chemicals Company)	Riyadh	7001690887	08/08/1432H (corresponding to 09/07/2011G)	01/09/1447H (corresponding to 18/02/2026G)

Source: the Company

Table (12.6): Details of the Commercial Registration Certificates of the Subsidiary's Branches

No.	License Type	Purpose	Branch	Location	Commercial Registration	Registration Date	Expiry Date
1	CR Certificate	Branch registration in the Commercial Register	Global Specialty Chemicals Company	Dammam	7012917857	06/09/1435H (corresponding to 03/07/2014G)	02/07/1447H (corresponding to 22/12/2025G)
2	CR Certificate	Branch registration in the Commercial Register	Addar Chem Group Company	Riyadh	7001604276	20/11/1430H (corresponding to 01/11/2009G)	03/06/1448H (corresponding to 13/11/2026G)

Source: the Company

Table (12.7): Details of the Chamber of Commerce Membership Certificate obtained by the Company

No.	License Type	Purpose	Company	Issuer	Membership No.	Issue Date	Expiry Date
1	Chamber of Commerce Certificate	Company registration in the Chamber of Commerce	Dar AlBalad for Business Solutions	Riyadh Chamber	112338	14/06/1422H (corresponding to 01/09/2001G)	20/11/1447H (corresponding to 07/05/2026G)

Source: the Company

Table (12.8): Details of the Chamber of Commerce Membership Certificates of the Company's Branches

No.	License Type	Purpose	Branch	Issuer	Membership No.	Issue Date	Expiry Date
1	Chamber of Commerce Certificate	Branch registration in the Chamber of Commerce	Dairat AlBalad for Trading Company	Riyadh Chamber	165689	18/03/1427H (corresponding to 16/04/2006G)	22/05/1447H (corresponding to 13/11/2025G)

No.	License Type	Purpose	Branch	Issuer	Membership No.	Issue Date	Expiry Date
2	Chamber of Commerce Certificate	Branch registration in the Chamber of Commerce	Dar AlBalad Contracting and Operation Company	Riyadh Chamber	63136	01/05/1435H (corresponding to 02/03/2014G)	30/11/1447H (corresponding to 17/05/2026G)
3	Chamber of Commerce Certificate	Branch registration in the Chamber of Commerce	Dar AlBalad for Communications and IT	Jeddah Chamber	194431	08/07/1446H (corresponding to 08/01/2025G)	30/11/1447H (corresponding to 17/05/2026G)

Source: the Company

Table (12.9): Details of the Chamber of Commerce Membership Certificates of the Subsidiary

No.	License Type	Purpose	Company	Issuer	Membership No.	Issue Date	Expiry Date
1	Chamber of Commerce Certificate	Company registration in the Chamber of Commerce	GSC Solutions (formerly Global Specialty Chemicals Company)	Riyadh Chamber	258858	06/10/1432H (corresponding to 04/09/2011G)	01/09/1447H (corresponding to 18/02/2026G)

Source: the Company

Table (12.10): Details of the Chamber of Commerce Membership Certificates of the Subsidiary's Branches

No.	License Type	Purpose	Company	Issuer	Membership No.	Issue Date	Expiry Date
1	Chamber of Commerce Certificate	Branch registration in the Chamber of Commerce	GSC Solutions (formerly Global Specialty Chemicals Company)	Asharqia Chamber	156482	08/08/1445H (corresponding to 18/02/2024G)	02/07/1447H (corresponding to 22/12/2025G)
2	Chamber of Commerce Certificate	Branch registration in the Chamber of Commerce	Addar Chem Group Company	Riyadh Chamber	224704	21/11/1430H (corresponding to 09/11/2009G)	03/06/1448H (corresponding to 13/11/2026G)

Source: the Company

Table (12.11): Details of the Main Municipal Licenses Obtained by the Company

No.	License Type	Purpose	Company	Location	License No.	Expiry Date
1	Commercial Activity License Certificate	Registering the Company's activities with the Ministry of Municipalities and Housing	Dar AlBalad for Business Solutions	Riyadh	40102425369	11/11/1448H (corresponding to 18/04/2027G)

Source: the Company

Table (12.12): Details of the Main Municipal Licenses Obtained by the Company's Branches

No.	License Type	Purpose	Company	Location	License No.	Expiry Date
1	Commercial Activity License Certificate	Registering the Branch's activities with the Ministry of Municipalities and Housing	Dairat AlBalad for Trading Company	Riyadh	470220494103	12/02/1448H (corresponding to 26/07/2026G)

No.	License Type	Purpose	Company	Location	License No.	Expiry Date
2	Commercial Activity License Certificate	Registering the Branch's activities with the Ministry of Municipalities and Housing	Dar AlBalad Contracting and Operation Company	Riyadh	470220495248	12/02/1448H (corresponding to 26/07/2026G)
3	Commercial Activity License Certificate	Registering the Branch's activities with the Ministry of Municipalities and Housing	Dar AlBalad for Communications and IT	Riyadh	470220494347	12/02/1448H (corresponding to 26/07/2026G)

Source: the Company

Table (12.13): Details of the Main Civil Defense Licenses of the Company

No.	License Type	Purpose	Company	Location	License No.	Issue Date	Expiry Date
1	Civil Defense License	In compliance with the safety requirements of the Civil Defense	Dar AlBalad for Business Solutions	Riyadh	1-001839393-46	26/09/1446H (corresponding to 26/03/2025G)	26/09/1447H (corresponding to 15/03/2026G)

Source: the Company

Table (12.14): Details of the Main Civil Defense Licenses of the Company's Branches

No.	License Type	Purpose	Company	Location	License No.	Issue Date	Expiry Date
1	Civil Defense License	In compliance with the safety requirements of the Civil Defense	Dairat AlBalad for Trading Company	Riyadh	1-001940111-47	12/02/1447H (corresponding to 06/08/2025G)	12/02/1448H (corresponding to 26/07/2026G)
2	Civil Defense License	In compliance with the safety requirements of the Civil Defense	Dar AlBalad Contracting and Operation Company	Riyadh	1-001940111-47	12/02/1447H (corresponding to 06/08/2025G)	12/02/1448H (corresponding to 26/07/2026G)
3	Civil Defense License	In compliance with the safety requirements of the Civil Defense	Dar AlBalad for Communications and IT	Riyadh	1-001940110-47	12/02/1447H (corresponding to 06/08/2025G)	12/02/1448H (corresponding to 26/07/2026G)

Source: the Company

Table (12.15): Details of the Licenses Obtained by the Company from the Communications, Space & Technology Commission

No.	License Type	Purpose	Company	License No.	Issue Date	Expiry Date
1	Telecommunications Tower Establishment License from CST	A license to practice systems analysis activities in the telecommunications and technology sector.	Dar AlBalad for Business Solutions	202502900	11/08/1446H (corresponding to 10/02/2025G)	22/11/1447H (corresponding to 10/02/2026G)

Source: the Company

Table (12.16): Details of the Licenses Obtained by the Subsidiary from the Saudi Authority for Industrial Cities and Technology Zones (MODON)

No.	License Type	Purpose	Company	License No.	Expiry Date
1	Operating License	Operating the factory within the industrial city	GSC Solutions (formerly Global Specialty Chemicals Company)	OLC-25-04-13000959	21/04/1447H (corresponding to 13/10/2025G)

Source: the Company

Table (12.17): Details of the Licenses Obtained by the Subsidiary from the National Center for Environmental Compliance

No.	License Type	Purpose	Company	License No.	Expiry Date
1	Environmental Operating Permit	In compliance with the requirements of the National Center for Environmental Compliance	GSC Solutions (formerly Global Specialty Chemicals Company)	EPOPP-2025-003601	12/12/1449H (corresponding to 07/05/2028G)

Source: the Company

Table (12.18): Details of the Licenses Obtained by the Subsidiary from the Ministry of Industry and Mineral Resources (MIMR)

No.	License Type	Purpose	Company	License No.	Expiry Date
1	Industrial License	Practicing industrial activities in the Kingdom	GSC Solutions (formerly Global Specialty Chemicals Company)	441226576	18/02/1452H (corresponding to 19/06/2030G)

Source: the Company

Table (12.19): Details of the Classification Certificates Obtained by the Company from the Ministry of Municipalities and Housing

No.	License Type	Purpose	Company	Classification Grade	Certificate No.	Issue Date	Expiry Date
1	City Service Provider Classification Certificate	Classification of contractors to practice construction activities	Dar AlBalad for Business Solutions	First Grade	2024013930	29/05/1446H (corresponding to 01/12/2023G)	21/06/1448H (corresponding to 01/12/2026G)

Source: the Company

Table (12.20): Details of the Certificates Obtained by the Company from the International Organization for Standardization (ISO)

No.	Company	Certificate Type	Purpose	Certificate No.	Issue Date	Expiry Date
1	Dar AlBalad for Business Solutions	ISO 14001:2015	Compliance with the International Quality Management Standards	SA20/2123234772	17/06/1445H (corresponding to 30/12/2023G)	21/07/1448H (corresponding to 30/12/2026G)
2	Dar AlBalad for Business Solutions	ISO 9001:2015	Compliance with the International Quality Management Standards	SA20/2123234773	17/06/1445H (corresponding to 30/12/2023G)	21/07/1448H (corresponding to 30/12/2026G)
3	Dar AlBalad for Business Solutions	ISO 45001:2018	Compliance with the International Occupational Health and Safety Management Standards	CH20/0955	15/04/1445H (corresponding to 30/10/2023G)	13/05/1448H (corresponding to 24/10/2026G)

Source: the Company

12.6 Material Agreements

The Company has entered into a number of material agreements and contracts with various parties. This Section provides a summary of the agreements and contracts that the members of the Board of Directors believe may be material or significant to the Company's business or may influence investors' decisions to subscribe for the Offer Shares. The summary of the agreements and contracts set out below does not include all terms and conditions and should not be considered a substitute for the actual terms and conditions contained in those agreements. However, it includes the terms that may be material or significant to the Company's business and continuity or may influence investors' decisions to subscribe for the Offer Shares.

The material agreements include: information technology services agreements, agreements for the management of human resources specialized in information technology, framework agreements for technical resources, in addition to cybersecurity risk management agreements, security incident management, and technical performance quality assurance agreements.

12.6.1 Key Customers

The table below provides a summary of the agreements with the key customers:

12.6.2 Saudi Bank -1

Table (12.21): Master Agreement for Establishing and Supporting a Digital Factory Between the Company and Saudi Bank -1

Parties	The Company and Saudi Bank -1
Date	26/04/1445H (corresponding to 10/11/2023G)
Subject Matter	The Company shall support Saudi Bank -1 in establishing a digital factory and will provide necessary services including infrastructure and a team of professionals.
Term and Renewal	From 25 October 2023G for one year, renewable. Renewed on 26 February 2025G.
Termination	Saudi Bank -1 may terminate the agreement for any reason with a written notice to the Company at least thirty (30) days in advance.
Value	Based on purchase orders issued to the Company. Total value in FY24G: SAR 11,232,105.26.
Indemnities and Liability	The Company shall indemnify Saudi Bank -1 for actual damages and defend and hold harmless Saudi Bank -1, its subsidiaries, officers, directors, employees, agents, representatives, successors, and assigns from: (1) death or bodily injury to any agent, employee, customer, business invitee, visitor, or any other person due to Company negligence or misconduct; (2) damage, loss, or destruction of any real or tangible property due to Company negligence.
Governing Law	Kingdom of Saudi Arabia.
Dispute Resolution	Courts of Saudi Arabia.

Source: the Company

Table (12.22): Master Agreement Between the Company and Saudi Bank -1

Parties	The Company and Saudi Bank -1
Date	25/02/1446H (corresponding to 29/08/2024G)
Subject Matter	The Company shall provide IT services to Saudi Bank -1, including design, development, customization, integration, testing, and maintenance of various systems and applications.
Term and Renewal	From 1 September 2024G for one year, renewable upon mutual agreement of both parties.
Termination	Saudi Bank -1 may terminate the agreement for any reason with a written notice to the Company at least thirty (30) days in advance.
Value	Based on purchase orders issued to the Company. The total value in FY24G amounted to SAR 7,104,000.00.
Indemnities and Liability	The Company shall indemnify Saudi Bank -1 for actual damages and defend and hold harmless Saudi Bank -1, its subsidiaries, officers, directors, employees, agents, representatives, successors, and assigns from: (1) death or bodily injury to any agent, employee, customer, business invitee, visitor, or any other person due to Company negligence or misconduct; (2) damage, loss, or destruction of any real or tangible property due to Company negligence.

Governing Law	Kingdom of Saudi Arabia.
Dispute Resolution	Courts of Saudi Arabia.

Source: the Company

Table (12.23): Agreement to Provide Backend Development Services Between the Company and Saudi Bank -1

Parties	The Company and Saudi Bank -1
Date	22/09/1445H (corresponding to 01/04/2024G)
Subject Matter	The Company shall provide Saudi Bank -1 with backend development services, including IT Consulting Services, application engineering, solution design and analysis, data engineering, business intelligence management, payment gateway development, and technical support. The agreement also includes compliance with information security requirements, anti-fraud measures, and business continuity and emergency planning.
Term and Renewal	From 29 February 2024G for one year, renewable upon mutual agreement of both parties. The Agreement was renewed on 09/10/1446H (corresponding to 07/04/2025G).
Value	Based on purchase orders issued to the Company. Total value in FY24G: SAR 7,562,820.00.
Indemnities and Liability	The Company shall indemnify Saudi Bank -1 for actual damages and defend and hold harmless Saudi Bank -1, its subsidiaries, officers, directors, employees, agents, representatives, successors, and assigns from: (1) death or bodily injury to any agent, employee, customer, business invitee, visitor, or any other person due to Company negligence or misconduct; (2) damage, loss, or destruction of any real or tangible property due to Company negligence.
Governing Law	Kingdom of Saudi Arabia.
Dispute Resolution	Courts of Saudi Arabia.

Source: the Company

12.6.3 Listed Insurance Company -1

Table (12.24): Framework Agreement for the Provision of IT Managed Services Between the Company and Listed Insurance Company -1

Parties	The Company and Listed Insurance Company -1
Date	15/03/1444H (corresponding to 11/10/2022G)
Subject Matter	The Company shall provide Listed Insurance Company -1 with IT Managed Services, including data and analytics support, IT infrastructure, digital hub, transformation planning and governance, and operational performance.
Term and Renewal	The agreement commenced on 15/03/1444H (corresponding to 11/10/2022G), and was renewed for two years as of 26/03/1445H (corresponding to 11/10/2023G).
Termination	Listed Insurance Company -1 may terminate the agreement at any time with written notice, subject to mutual agreement between the parties on the associated termination costs.
Value	Based on purchase orders issued to the Company. Total value in FY24G: SAR 23,906,199.10.
Indemnities and Liability	- If the work is not completed or the project is delayed beyond the agreed period, Listed Insurance Company -1 has the right to impose a penalty of up to 5% of the total contract value. - The Company shall indemnify Listed Insurance Company -1 for all costs, losses, claims, and damages incurred by Listed Insurance Company -1 or any third parties resulting from the services.
Governing Law	Kingdom of Saudi Arabia.
Dispute Resolution	Courts of Saudi Arabia.

Source: the Company

12.6.4 Listed Software and Services Company -1

Table (12.25): Framework Agreement for the Provision of IT Resources Between the Company and Listed Software and Services Company -1

Parties	The Company and Listed Software and Services Company -1
Date	21/05/1445H (corresponding to 26/11/2023G)
Subject Matter	The Company shall provide IT services to Listed Software and Services Company -1 across various technical disciplines, including project management, IT governance, application development, data management, and infrastructure management.
Term and Renewal	Starting from 4 December 2023G for a period of one year, automatically renewable for up to two similar periods.
Termination	Either Party may notify the other Party in writing of its intention to terminate the agreement at least thirty (30) days prior to the expiration of the initial or renewed term.
Value	The total contract value depends on purchase orders issued to the Company. The total value for FY24G amounted to SAR 28,366,781.55.
Indemnity and Liability	The Company shall be fully liable to Listed Software and Services Company -1 for any damages resulting from this agreement. Under the agreement, neither Party shall limit or exclude liability in the event of: (i) death or personal injury caused by its own negligence or the negligence of its employees, agents, or subcontractors; (ii) fraud or fraudulent misrepresentation; or (iii) any liability that cannot legally be limited or excluded.
Change of Control / Assignment and Subcontracting	- The Company shall provide the same services under the same agreed terms and rates to any wholly owned subsidiary of Listed Software and Services Company -1 without requiring a separate agreement. - The Company may not subcontract the agreement or any part thereof without prior written notice to Listed Software and Services Company -1.
Governing Law	Kingdom of Saudi Arabia.
Dispute Resolution	Riyadh Courts, Kingdom of Saudi Arabia.

Source: the Company

12.6.5 Saudi Bank -2

Table (12.26): IT Consultancy Agreement Between the Company and Saudi Bank -2

Parties	The Company and Saudi Bank -2
Date	11/06/1437H (corresponding to 20/03/2016G)
Subject Matter	The Company provides IT Managed Services to Saudi Bank -2 for the implementation of IT services at the bank's sites.
Term and Renewal	From 1 January 2016G for one year, renewable; renewed on 21/05/2023G.
Termination	Saudi Bank -2 may immediately terminate the agreement in the event of a breach by the Company without any obligation to make further payments.
Value	The total contract value depends on purchase orders issued to the Company. The total value for FY24G amounted to SAR 18,063,435.74.
Indemnity and Liability	The Company shall indemnify and hold harmless Saudi Bank -2 and its employees from any claims arising out of or relating to: (1) any negligence, misconduct, or unlawful act by the Company; (2) any bodily injury or death of any member of Saudi Bank -2; or (3) any alleged or actual infringement of intellectual property rights. This obligation shall remain valid after termination or completion of the agreement.

Key Provisions	Suspension of Services: Saudi Bank -2 may, with thirty (30) days' prior written notice, suspend performance of the work in whole or in part. Saudi Bank -2 may later request the Company to resume work under the agreement by written notice. Saudi Bank -2 shall compensate the Company for completed work and any other reasonable costs incurred due to the suspension, within thirty (30) days from the Company's request for compensation.
Change of Control / Assignment and Subcontracting	- The Company may not subcontract any part of this agreement without prior written approval from Saudi Bank -2. - The Company may not assign any part of this agreement without prior written approval from Saudi Bank -2.
Governing Law	Kingdom of Saudi Arabia.
Dispute Resolution	Riyadh Courts, Kingdom of Saudi Arabia.

Source: the Company

12.6.6 Saudi Bank -3

Table (12.27): Consulting, Operation and Development of Banking Systems Agreement Between the Company and Saudi Bank -3

Parties	The Company and Saudi Bank -3
Date	25/11/1434H (corresponding to 01/10/2013G)
Subject Matter	This agreement relates to the provision of consultancy, operation, and development services for banking systems, applications, and related equipment.
Term and Renewal	From 1 October 2013G for one year, renewable upon mutual agreement. Although the Agreement was not renewed, the Parties continued their transactions based on purchase orders.
Termination	Either party may terminate the agreement with sixty (60) days' prior notice. Saudi Bank -3 may terminate the agreement at any time with prior notice and without liability if the Company breaches any contractual terms.
Value	The total contract value depends on purchase orders issued to the Company. The total value for FY24G amounted to SAR 10,195,117.76.
Indemnity and Liability	The Company must indemnify Saudi Bank -3 for actual damages incurred, defend and hold harmless Saudi Bank -3 and its affiliates from any claims, losses, penalties, damages, attorneys' fees, and reasonable costs arising from: negligence by the Company or its subcontractors; unauthorized use or disclosure of personal data; and any breach by the Company or its subcontractors of their obligations under the agreement.
Change of Control / Assignment and Subcontracting	The Company may not assign any part of the agreement without written approval from Saudi Bank -3.
Governing Law	Kingdom of Saudi Arabia.
Dispute Resolution	Riyadh Courts, Kingdom of Saudi Arabia.

Source: the Company

12.6.7 Government Related Entity -2

Table (12.28): Agreement for the Provision of Information Technology Services Between the Company and Government Related Entity -2

Parties	The Company and Government Related Entity -2
Date	17/04/1445H (corresponding to 01/11/2023G)
Subject Matter	The Company shall provide IT services through technical support and operation of electronic systems for Government Related Entity -2.
Term	From 1 November 2023G for a period of two years.
Value	SAR 16,373,112.35

Other Key Provisions	Local Products: The Company must prioritize local products. Government Related Entity -2 may impose a penalty equal to 30% of the value of the relevant supplied products in the event of non-compliance.
	Suspension of Work: Government Related Entity -2 may suspend the agreement through a decision coinciding with the suspension period and must notify the Company accordingly. The Company shall be compensated with an equivalent extension period and three additional days for every 30 days of suspension to prepare for resumption of operations, provided that the total compensation period does not exceed 45 days.
	Penalties: Government Related Entity -2 may impose a fine equal to 2.5% for each week of delay in fulfilling the Company's obligations, provided that such fine does not to exceed 20% of the agreement value.
	Warranties: The Company must provide a warranty for the works delivered, valid for 24 months from the signing of the handover certificate.
	Change of Control / Subcontracting The Company may subcontract up to 50% of the agreement value, subject to the approval of Government Related Entity -2.
Governing Law	Kingdom of Saudi Arabia.
Dispute Resolution	Committee formed pursuant to the Government Tenders and Procurement Law.

Source: the Company

12.6.8 Saudi Bank -6

Table (12.29): Agreement for the Provision of IT and Technical Support Services Between the Company and Saudi Bank -6

Parties	The Company and Saudi Bank -6
Date	14/07/1435H (corresponding to 13/05/2014G)
Subject Matter	Provision of IT and technical support services as defined in the scope of work by the customer.
Term	From 13 May 2014G and remains valid until terminated.
Termination	Saudi Bank -6 may terminate this agreement without cause by providing the Company with a thirty (30) days prior notice. The agreement may also be terminated immediately via written notice if the Company (1) breaches the agreement and fails to remedy such breach within ten (10) days of receiving notice, or (2) undergoes financial distress or insolvency. The Company will be entitled to payment for all services fully delivered up to the termination date.
Value	The total contract value is based on purchase orders issued to the Company. The total contract value for FY24G amounted to SAR 4,564,358.19.
Indemnities and Liability	The Company is liable to Saudi Bank -6 and its employees for any loss or damage resulting from: (1) the Company's negligence; (2) unlawful conduct; or (3) breach of its obligations. The liability cap is set at 50% of the relevant scope of work value, except in cases of death or personal injury. In addition, the Company shall indemnify the bank for any costs, claims, damages, or expenses arising from infringement of third-party intellectual property rights due to the services, provided that the bank notifies the Company of such infringement.
Change of Control / Assignment and Subcontracting	The Company may not subcontract or assign any part of its rights and obligations without prior written approval from Saudi Bank -6. The bank reserves the right to withdraw approval of any subcontractor at any time. Accordingly, the Company must notify the bank of any subcontractor replacement to obtain approval.
Governing Law	Kingdom of Saudi Arabia.
Dispute Resolution	Courts of the Kingdom of Saudi Arabia.

12.6.9 Private Company -1

Table (12.30): Framework Agreement Between the Company and Private Company -1

Parties	The Company and Private Company -1
Date	11/08/1446H (corresponding to 10/02/2025G)
Subject Matter	Provision of business managed services in the field of logistics and operations.
Term and Renewal	From 1 January 2025G for a period of three years, renewable upon mutual agreement of both parties.
Termination	Private Company -1 may terminate this agreement at any time by giving the Company a thirty (30) day written notice prior to the termination date. If any advance payment is made to the Company prior to the execution of any phase of the agreement, the Company shall return all amounts paid.
Value	The total contract value is based on purchase orders issued to the Company. The total contract value for FY24G amounted to SAR 13,644,903.62.
Other Key Provisions	Penalties: In the event the Company fails to execute the agreement within the agreed period for reasons attributable to it, the Company shall be obligated to pay a penalty determined by Private Company -1, provided it does not exceed 10% of the total amount due under the agreement.
Change of Control / Assignment and Subcontracting	Private Company -1 may assign this agreement to a subsidiary at any time during its term. The Company may not subcontract without obtaining approval from Private Company -1.
Governing Law	Kingdom of Saudi Arabia.
Dispute Resolution	Courts of Riyadh, Kingdom of Saudi Arabia.

Source: the Company

12.6.10 Listed Financial Services Company -1

Table (12.31): Agreement for Providing On-Site Technical Support for Devices and Systems Between the Company and Listed Financial Services Company -1

Parties	The Company and Listed Financial Services Company -1
Date	26/03/1443H (corresponding to 10/11/2021G)
Subject Matter	The Company shall provide on-site technical support for the systems of Listed Financial Services Company -1.
Term and Renewal	Effective from 1 November 2021G for a period of one year, automatically renewable for three consecutive years.
Termination	Listed Financial Services Company -1 may terminate this agreement for any reason by providing at least thirty (30) days' written notice to the Company.
Value	The total contract value is based on purchase orders issued to the Company. The total contract value for FY24G amounted to SAR 13,790,549.73.
Other Key Provisions	Penalties: In the event the Company fails or delays in fulfilling its obligations under this agreement, it shall pay a penalty of up to 15% of the total value of the relevant purchase order.
Change of Control / Subcontracting	Subcontracting: The Company may not subcontract this agreement or any part thereof without prior written approval from Listed Financial Services Company -1.
Governing Law	Kingdom of Saudi Arabia.
Dispute Resolution	Courts of Riyadh, Kingdom of Saudi Arabia.

Source: the Company

12.6.11 Government Related Entity -3

Table (12.32): Agreement for Providing Support Services in Technology and Digital Innovation Matters Between the Company and Government Related Entity -3

Parties	The Company and Government Related Entity -3
Date	21/10/1445H (corresponding to 30/04/2024G)
Subject Matter	The Company shall provide support services in matters of technology and digital innovation.
Term and Renewal	The agreement has a term of 36 months starting from 30/04/2024G.
Termination	Government Related Entity -3 may terminate this agreement without cause by providing written notice to the Company.
Value	SAR 38,898,052.50
Other Key Provisions	Penalties: In the event of a delay in performance, Government Related Entity -3 may impose a penalty of up to 10% of the total value of the agreement.
Change of Control / Subcontracting	Subcontracting: The Company may not subcontract this agreement or any part thereof without prior written approval from Government Related Entity -3.
Governing Law	Kingdom of Saudi Arabia.
Dispute Resolution	Courts of Saudi Arabia.

Source: the Company

12.6.12 Global Technology Supplier -1

Table (12.33): Reseller Program Agreement Between the Company and Global Technology Supplier -1

Parties	The Company and Global Technology Supplier -1 (the regional master distributor of MultiTech Systems Incorporation).
Date	30/06/1440H (corresponding to 07/03/2019G)
Subject Matter	The Company shall market and sell the products of MultiTech Systems Incorporation in the Kingdom, including routers, Modems, and outdoor gateways, in coordination with Global Technology Supplier -1 as the regional master distributor of MultiTech Systems Incorporation.
Term and Renewal	The agreement is valid for 36 months starting from 07/03/2019G and shall be automatically renewed for successive 12-month periods unless terminated by the parties.
Termination	The agreement may be terminated upon mutual written agreement of the parties. The Company may terminate the agreement at any time by giving Global Technology Supplier -1 written notice at least thirty (30) days prior to the termination date. Global Technology Supplier -1 may terminate the agreement at any time if the Company breaches the agreement, provided it gives thirty (30) days' prior written notice. Furthermore, Global Technology Supplier -1 may terminate the agreement at any time, with or without cause, by providing the Company with sixty (60) days' prior written notice.
Value	The Company is compensated solely through profit margins earned from the resale of the contracted products.
Other Key Provisions	Global Technology Supplier -1 grants the Company a non-transferable license to market and sell the contracted products in the Kingdom.
Change of Control / Assignment and Subcontracting	The Company may not subcontract or assign any part of this agreement without prior written approval from Global Technology Supplier -1.
Governing Law	Indian Law
Dispute Resolution	Courts of Arbitration in India

Source: the Company

12.6.13 Global Industrial Technology Licensor -1

Table (12.34): Technology License and Technical Services Agreement Between the Subsidiary and Global Industrial Technology Licensor -1

Parties	The Subsidiary and Global Industrial Technology Licensor -1.
Date	16/03/1444H (corresponding to 12/10/2022G)
Subject Matter	Global Industrial Technology Licensor -1 grants the Subsidiary a license to use the technology for operating Industrial Reclamation units.
Term	Twenty (20) years starting from 1 October 2022G.
Termination	Either party may terminate this agreement if the other fails to fulfill a material obligation, provided that the terminating party gives 90 days' written notice to allow for remedy. If not remedied, the agreement is terminated.
Value	License fees ranging from USD 2,000 to USD 3,000 per unit per month, in addition to any applicable technical support fees.
Indemnities and Liabilities	Each party shall indemnify and hold the other harmless from any third-party claims for property damage, bodily injury, or death resulting from its own negligence or willful misconduct. Shared fault results in proportional cost sharing.
Other Key Provisions	Global Industrial Technology Licensor -1 grants the Subsidiary an irrevocable and non-transferable license to use its technology within the Middle East and North Africa. The licensor also provides operational and technical support.
Change of Control / Assignment and Subcontracting	The Company may not assign the agreement. The Subsidiary may not sublicense the technology or use it outside the defined territories. The licensor retains the right to license the technology to third parties both inside and outside the Middle East and North Africa.
Governing Law	Texas, United States of America
Dispute Resolution	Rules of the London Court of International Arbitration.

12.7 Leases

The Company leases certain lands and offices. The tables below provide a summary of the terms of the Company's lease agreements:

No.	Description of the Leased Land	Location	Lessor (Natural or Legal Person)	Lessee	Rent Commencement Date	Duration	Renewal
1	Lease of Office Unit No. 410 with a total area of 100 sqm, located on the 4th floor of a commercial building in Riyadh with national address codes 7768, 3168, 12212. Ejar Lease Contract No. 020296989304 / 1-0	Al Olaya District, 7768, 3168, 12212, Riyadh, Saudi Arabia	HRH Princess Dima bint Sultan bin Abdulaziz Al Saud	Dar AlBalad for Business Solutions Company (CR No. 1010168374)	02/08/1446H (corresponding to 01/02/2024G)	Two (2) years expiring on 23/08/1448H (corresponding to 31/01/2027G)	Renewal by mutual agreement

No.	Description of the Leased Land	Location	Lessor (Natural or Legal Person)	Lessee	Rent Commencement Date	Duration	Renewal
2	Industrial Land Lease in respect of Plot No. 0050F00029 (9,998 sqm)	Dammam Second Industrial City, Saudi Arabia	Saudi Authority for Industrial Cities and Technology Zones (MODON)	Global Specialty Chemicals Company (Unified CR No. 7012917857)	03/02/1447H (corresponding to 28/07/2025G)	Until 03/02/1453H (corresponding to 24/05/2031G)	Renewal shall be by the mutual agreement of the Parties by way of a new contract to be signed

Source: the Company

12.8 Transactions and Contracts with Related Parties

The Directors acknowledge that all contracts and transactions with Related Parties described in this Section do not include any preferential terms and have been conducted in a legal and regulatory manner based on appropriate and fair commercial terms. Except as disclosed in this Section of the Prospectus, the members of the Board of Directors confirm that the Company is not engaged in any transactions, agreements, commercial relationships, or deals with any Related Party, including the Financial Advisor and Legal Advisor to the Offering.

The Directors also confirm compliance with Article 71 and Article 72 of the Companies Law and with the instructions of Article 41 of the Corporate Governance Regulations issued by the CMA in relation to agreements with Related Parties. As at the date of this Prospectus, the Shareholders have approved all transactions and contracts with the Company's Related Parties on 20/10/1446H (corresponding to 18/04/2025G), 29/12/1446H (corresponding to 25/06/2025G), and 16/03/1447H (corresponding to 08/09/2025G) for the Financial Years Ended 31 December 2023G and 2024G, and the Six-Month Period Ended 30 June 2025G, in accordance with the requirements of Article 71 of the Companies Law.

The table below sets out the details of the agreements and transactions with Related Parties in which members of the Board of Directors have an interest, in accordance with the definition of Related Parties under the Companies Law. Please refer to Section 2.1.20 ("**Risks Related to Transactions with Related Parties**") of this Prospectus, which outlines all such transactions and includes the definition of Related Parties in accordance with accounting standards.

12.8.1 Contracts with Related Parties

The Company has ongoing agreements and transactions with the following Related Parties:

- Dar AlBalad Contracting and Operation Company.
- Global Company for Downstream Industries.
- Saudi Tunisian Electrical & Gas and Industrial Services Company.
- Diesel Equipment Company.
- Direct Energy Company.
- Dar AlArab for Industrial Consultancy.
- Dar AlBalad Commercial Company.



The nature of the Company's transactions with Related Parties consists of the provision of administrative services related to IT.

Table (12.35): Details of Transactions with Related Parties

No.	Related Party	Interested Party	Nature of Relationship	Nature of Transaction	Transaction Value (SAR)				Date of General Assembly's Approval on Contracts and Transactions
					During FY22G	During FY23G	During FY24G	During the Six-Month Period Ended 30 June 2025G ⁽¹⁾	
1	Dar AlBalad Contracting and Operation Company	Board Members Mr. Abdullah Ibrahim Bin Salamah and Mr. Abdulaziz Ibrahim Bin Salamah	- Mr. Abdulaziz Ibrahim Bin Salamah is a board member of Dar AlBalad Contracting and Operation Company. - Indirect shareholders in Dar AlBalad Contracting and Operation Company through Dar AlBalad Commercial Company.	The Company shall provide managed business services and operational support to the Related Party.	1,286,184	2,367,923	2,233,896	828,000	20/10/1446H (corresponding to 18/04/2025G) and 16/03/1447H (corresponding to 08/09/2025G)
				The Related Party shall provide management consulting services to the Company.	Nil	323,814	300,073	46,000	
				Loans provided by the Company.	Nil	3,491,559	Nil	Nil	
				Loans provided to the Company.	Nil	Nil	42,854,174	Nil	
2	Global Company for Downstream Industries	Board Members Mr. Abdullah Ibrahim Bin Salamah and Mr. Abdulaziz Ibrahim Bin Salamah	Indirect shareholders in Global Company for Downstream Industries through Dar AlBalad Commercial Company.	The Company shall provide managed business services and operational support to the Related Party.	219,921	189,766	730,979	55,200	20/10/1446H (corresponding to 18/04/2025G) and 16/03/1447H (corresponding to 08/09/2025G)
				The Related Party shall provide management consulting services to the Company.	Nil	Nil	Nil	Nil	
				Loans provided by the Company.	Nil	Nil	Nil	Nil	
				Loans provided to the Company.	Nil	Nil	Nil	Nil	



No.	Related Party	Interested Party	Nature of Relationship	Nature of Transaction	Transaction Value (SAR)				Date of General Assembly's Approval on Contracts and Transactions
					During FY22G	During FY23G	During FY24G	During the Six-Month Period Ended 30 June 2025G ⁽¹⁾	
3	Saudi Tunisian Electrical & Gas and Industrial Services Company	Board Members Mr. Abdullah Ibrahim Bin Salamah and Mr. Abdulaziz Ibrahim Bin Salamah	Indirect shareholders in Saudi Tunisian Electrical & Gas and Industrial Services Company through Dar AlBalad Commercial Company.	The Company shall provide managed business services and operational support to the Related Party.	517,328	531,687	431,793	212,223	20/10/1446H (corresponding to 18/04/2025G)
			Mr. Abdulaziz Ibrahim Bin Salamah is a member of the board of managers of Saudi Tunisian Electrical & Gas and Industrial Services Company.	The Related Party shall provide management consulting services to the Company.	Nil	Nil	Nil	Nil	
				Loans provided by the Company.	Nil	Nil	1,000,000	Nil	
				Loans provided to the Company.	Nil	Nil	Nil	Nil	
4	Diesel Equipment Company	Board Members Mr. Abdullah Ibrahim Bin Salamah and Mr. Abdulaziz Ibrahim Bin Salamah	Indirect shareholders in Diesel Equipment Company through Dar AlBalad Commercial Company.	The Company shall provide managed business services and operational support to the Related Party.	106,799	94,958	137,190	58,364	20/10/1446H (corresponding to 18/04/2025G), 29/12/1446H (corresponding to 25/06/2025G) and 16/03/1447H (corresponding to 08/09/2025G)
			Mr. Abdulaziz Ibrahim Bin Salamah is a member of the board of managers of Diesel Equipment Company.	The Related Party shall provide management consulting services to the Company.	14,081	70	105	Nil	
				Loans provided by the Company.	Nil	Nil	Nil	Nil	
				Loans provided to the Company.	Nil	Nil	Nil	Nil	



No.	Related Party	Interested Party	Nature of Relationship	Nature of Transaction	Transaction Value (SAR)				Date of General Assembly's Approval on Contracts and Transactions
					During FY22G	During FY23G	During FY24G	During the Six-Month Period Ended 30 June 2025G ⁽¹⁾	
5	Direct Energy Company	Board Members Mr. Abdullah Ibrahim Bin Salamah and Mr. Abdulaziz Ibrahim Bin Salamah	Indirect shareholders in Direct Energy Company through Dar AlBalad Commercial Company.	The Company shall provide managed business services and operational support to the Related Party.	387,277	355,231	292,917	191,044	20/10/1446H (corresponding to 18/04/2025G) and 16/03/1447H (corresponding to 08/09/2025G)
				The Related Party shall provide management consulting services to the Company.	Nil	Nil	Nil	Nil	
				Loans provided by the Company.	Nil	Nil	Nil	Nil	
				Loans provided to the Company.	Nil	Nil	Nil	Nil	
				The Company shall provide managed business services and operational support to the Related Party.	117,553	5,435	20,443	Nil	
6	Dar AlArab for Industrial Consultancy	Board Members Mr. Abdullah Ibrahim Bin Salamah and Mr. Abdulaziz Ibrahim Bin Salamah	Dar AlArab for Industrial Consultancy is owned by Mr. Bassam Ibrahim Bin Salamah and is considered a Relative of both Mr. Abdullah Ibrahim Bin Salamah and Mr. Abdulaziz Ibrahim Bin Salamah	The Related Party shall provide management consulting services to the Company.	644,496	409,429	309,140	131,605	20/10/1446H (corresponding to 18/04/2025G), 29/12/1446H (corresponding to 25/06/2025G) and 16/03/1447H (corresponding to 08/09/2025G)
				Loans provided by the Company.	Nil	Nil	Nil	Nil	
				Loans provided to the Company.	Nil	Nil	Nil	Nil	
				The Company shall provide managed business services and operational support to the Related Party.	117,553	5,435	20,443	Nil	
				The Related Party shall provide management consulting services to the Company.	644,496	409,429	309,140	131,605	

No.	Related Party	Interested Party	Nature of Relationship	Nature of Transaction	Transaction Value (SAR)				Date of General Assembly's Approval on Contracts and Transactions
					During FY22G	During FY23G	During FY24G	During the Six-Month Period Ended 30 June 2025G ⁽¹⁾	
7	Dar AlBalad Commercial Company	Board Member Mr. Abdullah Ibrahim Bin Salamah	Indirect shareholder in Dar AlBalad Commercial Company	The Company shall provide managed business services and operational support to the Related Party.	Nil	4,838	199,859	Nil	16/03/1447H (corresponding to 08/09/2025G)
				The Related Party shall provide management consulting services to the Company.	Nil	2,583,642	2,380,251	105,800	
				Loans provided by the Company.	12,400,000	16,430,000	38,800,000	Nil	
				Loans provided to the Company.	Nil	Nil	Nil	3,200,000 ⁽²⁾	

Source: the Company

- (1) On 16/03/1447H (corresponding to 08/09/2025G), the General Assembly approved the Related Party Transactions concluded during the months of July and August 2025G, in which the Board members, Mr. Abdullah Ibrahim Bin Salamah and Mr. Abdulaziz Ibrahim Bin Salamah, have an interest. These transactions are: (i) Transactions between the Company and Dar AlArab for Industrial Consultancy, consisting of administrative services provided by the Company, with an estimated value of SAR 858; (ii) Transactions between the Company and the Saudi Tunisian Electrical & Gas and Industrial Services Company consisting of administrative services provided by the Company, with an estimated value of SAR 106,112; (iii) Transactions between the Company and Diesel Equipment Company, consisting of administrative services provided by the Company, with an estimated value of SAR 23,582; (iv) Transactions between the Company and Global Company for Downstream Industries, consisting of administrative services provided by the Company, with an estimated value of SAR 27,600; (v) Transactions between the Company and Direct Energy Company, consisting of administrative services provided by the Company, with an estimated value of SAR 77,745; (vi) Transactions between the Company and Dar AlBalad Contracting and Operation Company, consisting of administrative services provided by the Company, with an estimated value of SAR 414,000.
- (2) On 02/11/1446H (corresponding to 30/04/2025G) and on 07/11/1446H (corresponding to 05/05/2025G), the Company obtained a loan in the amount of SAR 1,200,000 and a loan in the amount of SAR 2,000,000, respectively, from Dar AlBalad Commercial Company on an interest-free basis. The Company fully repaid these loans in the amount of SAR 3,200,000 on 04/01/1447H (corresponding to 30/06/2025G).

On 01/07/1446H (corresponding to 01/01/2025G), the Company's Shareholders approved the acquisition agreement for the entire share capital of GSC Solutions (formerly Global Specialty Chemicals Company) from Dar AlBalad Commercial Company, at a book value of SAR 21,839,626 as at 31 December 2024G. The Company recorded such value as additional share capital, in which Board members, Mr. Abdullah Ibrahim Bin Salamah and Mr. Abdulaziz Ibrahim Bin Salamah have an interest.

Furthermore, during 2022G, the Company provided loans to Dar AlBalad Commercial Company totaling SAR 12,400,000, to be added to the Company's debit balance as at 31/12/2021G amounting to SAR 8,850,030 (which is a loan granted by the Company to Dar AlBalad Commercial Company during 2021G), from which the value of payments during 2022G amounting to SAR 2,700,000 is deducted, so the debit balance becomes SAR 18,550,030. On 24/11/1444H (corresponding to 13/06/2023G), a debit balance of SAR 18,550,030 resulting from loans granted by the Company to Dar AlBalad Commercial Company during 2021G and 2022G was settled by reducing the retained earnings balance by SAR 4,332,864 and fully amortizing the additional capital balance of SAR 14,217,166, pursuant to the Capital Owner's resolution on that date. On 07/01/1445H (corresponding to 25/07/2023G), a debit balance of SAR 1,000,000 resulting from a loan granted by the Company to Dar AlBalad Commercial Company was settled by reducing the Company's retained earnings, pursuant to the Capital Owner's resolution on that date.

The table below summarizes the amounts due from Related Parties as at 31 December 2022G, 2023G, 2024G, and the Six-Month Period Ended 30 June 2025G:

Table (12.36): Amounts Due from Related Parties

SAR thousands	Nature of Relationship	Nature of Transaction	31 December 2022G (Adjusted)	31 December 2023G (Audited)	31 December 2024G (Audited)	Six-Month Period Ended 30 June 2025G
Operational						
Global Company For Downstream Industries	Associate Company	(Provision of Managed Business Services and operational support to the Related Party)	755.9	945.8	323.3	27.6
Operational						
ADDAR Chemicals Company	Associate Company	(Provision of Managed Business Services and operational support to the Related Party)	165.7	320.0	170.0	0
Operational						
Dar AlArab for Industrial Consultancy	Associate Company	(Provision of Managed Business Services and operational support to the Related Party)	62.1	54.7	72.8	0
Operational						
Global Company for Chemical Industries	Associate Company	(Provision of Managed Business Services and operational support to the Related Party)	335.1	0	39.1	0
		Financing (Loan provided by the Company)	16,292.6	614.0	0	0
Operational						
Dar AlBalad Commercial Company	Associate Company	(Provision of Managed Business Services and operational support to the Related Party)	0	0	20.0	0
		Offering Expenses	0	0	0	2,985.9
Operational						
Dar AlBalad Contracting and Operation Company	Associate Company	(Provision of Managed Business Services and operational support to the Related Party)	670.1	0	20.0	0
Operational						
Diesel Equipment Company	Associate Company	(Provision of Managed Business Services and operational support to the Related Party)	25.0	13.2	1.8	12.8
Operational						
Direct Energy Company	Associate Company	(Provision of Managed Business Services and operational support to the Related Party)	78.7	43.8	0.5	41.1
Operational						
Al Rafeea Chemicals Company	Associate Company	(Provision of Managed Business Services and operational support to the Related Party)	554.2	554.3	0	0

SAR thousands	Nature of Relationship	Nature of Transaction	31 December 2022G (Adjusted)	31 December 2023G (Audited)	31 December 2024G (Audited)	Six-Month Period Ended 30 June 2025G
Operational						
Saudi Tunisian Electrical & Gas	Associate Company	(Provision of Managed Business Services and operational support to the Related Party)	523.6	284.8	0	0
Operational						
Addar Chem Group Company	Associate Company	(Provision of Managed Business Services and operational support to the Related Party)	164.9	154.9	0	0
Operational						
Global Thermal Chemical Co.	Associate Company	(Provision of Managed Business Services and operational support to the Related Party)	59.0	109.1	0	0
Operational						
GSC Solutions (formerly Global Specialty Chemicals Company)	Associate Company	(Provision of Managed Business Services and operational support to the Related Party)	307.6	0	0	0
Operational						
Fala Agricultural Company	Associate Company	(Provision of Managed Business Services and operational support to the Related Party)	64.0	0	0	0
Operational						
Abdullah Bin Salamah Real Estate Establishment	Associate Company	(Provision of Managed Business Services and operational support to the Related Party)	9.4	0	0	0
Operational						
Najm for Commercial Investment Company	Associate Company	(Provision of Managed Business Services and operational support to the Related Party)	8.9	0	0	0
Bassam Bin Salamah	Associate	Financing	1.3	0	0	0
Total			20,078.1	3,094.5	647.5	3,067.3

Source: Audited financial statements for the years ended 31 December 2023G, 2024G and H1FY25G.

The table below summarizes the amounts due to Related Parties as at 31 December 2022G, 2023G, 2024G, and the Six-Month Period Ended 30 June 2025G:

Table (12.37): Amounts Due to Related Parties

SAR thousands	Nature of Relationship	Nature of Transaction	31 December 2022G (Adjusted)	31 December 2023G (Audited)	31 December 2024G (Audited)	Six-Month Period Ended 30 June 2025G
Operational						
Dar AlBalad Commercial Company	Associate Company	(Provision of management consulting services by the Related Party to the Company)	0	0	0	120.8
Operational						
ADDAR Chemicals Company	Associate Company	Operational	0	0	0	0
Operational						
Dar AlArab for Industrial Consultancy	Associate Company	(Provision of management consulting services by the Related Party to the Company)	0	0	0	297.5

SAR thousands	Nature of Relationship	Nature of Transaction	31 December 2022G (Adjusted)	31 December 2023G (Audited)	31 December 2024G (Audited)	Six-Month Period Ended 30 June 2025G
Dar AlBalad Contracting and Operation Company	Associate Company	Operational (Provision of management consulting services by the Related Party to the Company)	0	173.6	0	0
Total			0	173.6	0	418.3

Source: Audited financial statements for the years ended 31 December 2023G, 2024G and H1FY25G.

12.9 Credit Facilities and Loans

The table below presents a summary of the credit facilities and agreements entered into between the Saudi Investment Bank and the Company on 12/11/1445H (corresponding to 20/05/2024G) with total available facilities amounting to SAR 10,000,000, of which a total amount of SAR nil was utilized as at 31/12/2024G.

As at 31/03/2025G, the total value of facilities between the banks and the Company amounted to SAR 10,000,000, and the total utilized amount was SAR nil.

Table (12.38): The Facility Agreement Entered into with the Saudi Investment Bank in the amount of SAR 10.000.000 dated 12/11/1445H (corresponding to 20/05/2024G) to finance (i) a Murabaha sale and purchase of goods, and (ii) the issuance of letters of guarantee. (the "SAIB Facility Agreement")

Type of Facility / Purpose / Amount	Facility A: To finance the issuance of letters of guarantee and/or performance guarantees in favor of governmental and/or semi-governmental entities and/or private entities acceptable to the Saudi Investment Bank (SAIB). Maximum financing limit: SAR 5,000,000 Validity: Initial letters of guarantee: 12 months from issuance Performance guarantees: 36 months from issuance Facility B: To finance the sale and purchase of goods / short-term Murabaha to finance working capital requirements. Maximum financing limit: SAR 5,000,000 Tenor: 180 days
Change of Control	- The Company undertakes that there will be no change in its shareholding or control (whether directly or indirectly) without the prior written consent of SAIB (Article 7(1)(n)). - Any change in the ownership or control of the Company is an event of default which allows SAIB to cancel the facilities, terminate the SAIB Facility Agreement, enforce the security and causes all outstanding amounts to fall due and payable ((Article 9(1)(m) and Article 9(2)).

Covenants	- SAIB reserves the right to (Article 11(1)): - Reduce the facility limit or cancel the facilities without providing reasons. - Request the immediate repayment of all outstanding amounts. - Request any additional security. - The Company undertakes not to merge with any other party or purchase or redeem any of its issued shares or reduce its capital or sell or dispose of its assets without the prior written consent of SAIB (Article 7(2)(a/b)). - The Company undertakes not to establish or own any subsidiaries or invest in any entity or person, except for financings grants to customers under the ordinary course of its business (Article 7(2)(c)). - A breach by the Company or any of the guarantors of the provisions of other agreements constitutes an event of default under the Facility Agreement (Article 9(1)(b)). - The Company pledging any of its assets (current or future) which are not pledged to SAIB to any third party without the written consent of SAIB is an event of default which allows SAIB to cancel the facilities, terminate the SAIB Facility Agreement, enforce the security and causes all outstanding amounts to fall due and payable (Article 9(1)(o) and Article 9(2)). - Broad set-off rights exist under the SAIB Facility Agreement (Article 14). - The Company may not assign or transfer any of its rights to others except after obtaining prior written approval under the SAIB Facility Agreement (Article 15).
Financial Covenants	- The Company undertakes to maintain the following financial covenants: - the liquidity ratio shall not fall below 2:1; - the leverage ratio must not exceed 1:1; - Net tangible value of no less than SAR 150,000,000; - dividend distribution up to 50%; - providing SAIB with a copy of the financial budgets and the unaudited semi-annual income statement of the Company which shall be submitted within a period not exceeding 60 days from the end of each half financial year; - to route not less than 50% of its annual sales into its account with SAIB; and - Submission of a quarterly report acceptable to SAIB regarding the status of contracts whereby SAIB has issued performance guarantees.
Amounts Drawn Down	Nil as at 31/12/2024G.
Security and Other Collateral	- Guarantee of payment and performance dated 21 May 2024G, provided by Bassam Ibrahim Abdullah Bin Salamah in favor of SAIB (guaranteeing SAR 10,000,000) in relation to the SAIB Facility Agreement. - Guarantee of payment and performance dated 21 May 2024G provided by Khalil Ibrahim Abdullah Bin Salamah in favor of SAIB (guaranteeing SAR 10,000,000) in relation to the SAIB Facility Agreement. - Guarantee of payment and performance dated 21 May 2024G provided by Dar AlBalad Commercial Company in favor of SAIB (guaranteeing SAR 10,000,000) in relation to the SAIB Facility Agreement. - Assignment of contract/purchase order proceeds in favor of SAIB in relation to the development and upgrade of the asset management program under a contract value of SAR 8,875,296. - Promissory note issued by the Company in the amount of SAR 10,000,000, countersigned as secondary guarantor by Dar AlBalad Commercial Company, Khalil Ibrahim Abdullah Bin Salamah, and Bassam Ibrahim Abdullah Bin Salamah.

Source: the Company

12.10 Insurance

The Company maintains insurance policies that cover various types of risks it may be exposed to. The following table outlines the key details of the insurance policies maintained by the Company:

Table (12.39): Insurance Policy Details

No.	Type	Insured Entity	Policy No.	Insurance Provider	Coverage Period	Coverage Limit
1.	Group Medical Expenses Insurance	Dar AlBalad For Business Solutions Company	4518375	Tawuniya	From 17/10/1446H (corresponding to 15/04/2025G) until 26/10/1447H (corresponding to 14/04/2026G)	Maximum benefit limit per person per policy a year SAR 1,000,000.
2.	Group Medical Expenses Insurance	GSC Solutions (formerly Global Specialty Chemicals Company)	45159417	Tawuniya	From 17/10/1446H (corresponding to 15/04/2025G) until 26/10/1447H (corresponding to 14/04/2026G)	Maximum benefit limit per person per policy a year SAR 1,000,000.
3.	Motor Insurance	GSC Solutions (formerly Global Specialty Chemicals Company)	P/ CRO1/2021/ CV/0000207/ R04	Arabian Shield Cooperative Insurance Company	From 09/12/1446H (corresponding to 05/06/2025G) until 18/12/1447H (corresponding to 04/06/2026G)	SAR 10,000,000

Source: the Company

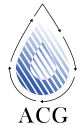
12.11 Intellectual Property

12.11.1 Trademarks

The Company has registered a number of trademarks in the Kingdom of Saudi Arabia. The Company relies on these trademarks in its business operations, and as at the date of this Prospectus, the trademark **"Dar AlBalad for Business Solutions"** and certain other related trademarks have been registered. It is worth noting that the Company is currently in the process of amending the **"Global Specialty Chemicals"** trademark with the Saudi Authority for Intellectual Property to reflect the new name of its Subsidiary. The Company depends on these trademarks for the success of its business and to support its competitive position in the market.

The following table sets out the key details of all registered trademarks owned by the Company in the Kingdom of Saudi Arabia. The Company is currently using a number of these trademarks.

Table (12.40): Details of the Company's Registered Trademarks

No.	Country of Registration	Application / Trademark No.	Owner	Protection Start Date	Expiry Date	Trademark Class	Logo
1	Kingdom of Saudi Arabia	TM-01-00-48936-24	The Company	09/06/1446H	09/06/1456H	35	
2	Kingdom of Saudi Arabia	TM-01-00-47579-24	The Company	29/05/1446H	29/05/1456H	1	
3	Kingdom of Saudi Arabia	TM-01-00-48952-24	The Company	09/06/1446H	09/06/1456H	1	

Source: the Company

12.11.2 Other Intellectual Property Rights

The Company has registered several internet domains under its name. The following table sets out the details of the internet domains registered under the Company's name:

Table (12.41): Details of Internet Domain Names

Domain Name	Expiry Date
gs-chemical.com	02/04/1449H (corresponding to 04/09/2027G)
ADDAR-BS.com	09/10/1451H (corresponding to 13/02/2030G)

Source: the Company

12.12 Litigation

As at the date of this Prospectus, there are no ongoing legal disputes, lawsuits, complaints, or investigative procedures that may, individually or collectively, have a material impact on the Company or the Subsidiary. Furthermore, the Company is not aware of any current or potential material legal disputes, or any facts that may give rise to such disputes, which may, individually or collectively, have a material impact on the Company or the Subsidiary. As at the date of this Prospectus, neither the Company nor its Subsidiaries are a party to any legal proceedings.

12.13 Zakat Status of the Company

The Company is subject to the regulations of the Zakat, Tax and Customs Authority (ZATCA) in the Kingdom. A Zakat provision is accrued on the basis of the accrual principle and is calculated and charged based on the Zakat base (as determined in accordance with ZATCA regulations). Adjustments, if any, are made to the Zakat provision upon receipt of the final assessments from ZATCA.

The members of the Board of Directors of the Company confirm that, as at the date of this Prospectus, the Company has no existing Zakat or tax disputes with ZATCA and that it has an adequate Zakat provision to cover any differences upon receipt of the final Zakat assessments from ZATCA.

For more information on risks related to Zakat, please refer to Section 2.1.37 ("**Risks Related to Zakat**") of this Prospectus.

12.14 Summary of Bylaws

The following is a summary of the Company's Bylaws. It should be noted that under the Company's Bylaws, internal regulations, policies and procedures, members of the Board of Directors and the CEO may not participate in the voting on their remuneration or on any contract or proposal in which they have an interest. Additionally, the Board members and senior executives may not borrow funds from the Company.

12.14.1 Company's Name

Dar AlBalad for Business Solutions (Joint Stock Company).

12.14.2 Head Office of the Company

The Company's head office is located in the city of Riyadh, and the Company may establish branches within or outside the Kingdom of Saudi Arabia by a Board resolution.

12.14.3 Objectives of the Company

The purposes for which the Company was established include:

- 1- Computer programming activities
- 2- Computer consultancy and computer facilities management activities
- 3- Data processing, website hosting and related activities
- 4- Activities of holding companies, i.e., units that hold assets (owning controlling-levels of equity) of a group of subsidiary corporations and whose principal activity is owning the group
- 5- Management consultancy activities

- 6- Temporary employment agency activities
- 7- Combined facilities support activities
- 8- Organization of conventions and trade fairs
- 9- Computers and peripheral equipment repair

The Company shall practice its activities pursuant to the applicable laws and regulations after obtaining the necessary licenses from the competent authorities (if any).

12.14.4 Duration of the Company

The duration of the Company shall be 99 years, starting from the date of its registration in the Commercial Register. This term may always be extended by a decision by the Extraordinary General Assembly at least one year before its expiration.

12.14.5 Capital of the Company

The Company's issued capital shall be seventy million Saudi Riyals (SAR 70,000,000), divided into seventy million (70,000,000) Shares with an equal nominal value of one Saudi Riyal (SAR 1) per share, all of which are Ordinary Shares in exchange for cash contributions, with the total amount being SAR 70,000,000 paid in cash and deposited with one of the licensed banks.

12.14.6 Share Subscription

The Shareholders have subscribed to the entire issued capital shares, amounting to seventy million (70,000,000) Shares, which have been fully paid up.

12.14.7 Company's Management

The Company shall be managed by a Board of Directors composed of five (5) members, who shall be natural persons, to be appointed by the Shareholders Ordinary General Assembly for a term not exceeding four (4) years.

12.14.8 Meetings of the Board of Directors

- 1- The Board of Directors meetings shall be convened at least four (4) times a year at the invitation of its Chairman, who shall call for a meeting whenever requested in writing by any Board Member to discuss one or more topics.
- 2- The Board of Directors shall determine the location of the meeting, which may be held using modern means of technology.
- 3- The meeting shall be held at the Company's headquarters or any other location designated by the majority of Board Members. A valid quorum for the meeting shall be 80% of the Board Members, and resolutions shall be passed with the approval of 80% of the Board Members.
- 4- Board Members may not be represented by proxy at meetings.

The Board of Directors' communication method shall be as follows:

- 1- General and special meetings shall be convened by the Board of Directors, which shall convene the Ordinary General Assembly within 30 days from the date of the request of the Auditor or one or more Shareholders representing at least 10% of the Company's voting rights. The Auditor may call for the convening of the Ordinary General Assembly if the Board fails to issue the invitation within 30 days from the date of the Auditor's request.
- 2- The request referred to in Clause (1) of this Article shall specify the matters on which the Shareholders are required to vote.
- 3- The notice for convening the General Assembly meeting shall be sent at least twenty-one (21) days prior to the specified date in accordance with the provisions of the Companies Law, subject to the following:
 - a- Notifying the Shareholders by registered mail sent to their addresses listed in the Shareholders' Register, or announcing the invitation through modern means of technology.
 - b- Sending a copy of the invitation and the agenda to the Commercial Register, as well as a copy to the CMA if the Company is listed on the capital market on the date of the announcement.
- 4- The invitation to the General Assembly meeting shall, at a minimum, include the following:
 - a- The conditions entitling Shareholders to attend the meeting and their right to delegate persons other than Board members, as well as Shareholders' right to discuss the matters listed on the agenda of the meeting, raise questions, and the manner by which to exercise voting rights.
 - b- Location, date, and time of the meeting.

- c- Type of meeting, whether it is a general or special assembly.
- d- Agenda of the meeting containing the items that require voting by Shareholders.

12.14.9 Expiration of Board Term. Resignation/Termination of Board Members. or Membership Vacancy

- 1- Before the expiry of its term, the Board of Directors shall call the Ordinary General Assembly to convene to elect a new Board of Directors. In case no new Board is elected and the term of the then-current Board expires, the then-current Board members shall continue to perform their duties until the election of a new Board of Directors, but in no case for more than the duration stipulated in the implementing regulations of the Companies Law.
- 2- If the Chairman and Board Members resign, they shall call the Ordinary General Assembly to convene to elect a new Board of Directors. Such resignation shall only come into effect after the election of the new Board, provided that the retiring Board members shall not continue to carry out their duties for more than the duration stipulated in the Implementing Regulations of the Companies Law.
- 3- A Board member may resign from the Board's membership by a written notice addressed to the Chairman of the Board. However, should the Chairman of the Board wish to resign, he shall then inform all other Board Members and the Board's Secretary. In both cases, the resignation shall be effective of the date defined in the notice.
- 4- If the position of a Board Member becomes vacant due to the death or resignation of the Member and as long as such vacancy does not violate the necessary conditions of a duly convened meeting of the Board, the Board may temporarily appoint a qualified person with sufficient experience to fill the vacant position, provided that the Commercial Register and the CMA are notified of the same if the company is listed on the Exchange, within fifteen (15) days from the date of appointment, and that the appointment is brought before the Ordinary General Assembly in its first meeting. The term of office of the new member designated to fill a vacancy shall only extend the term of membership of his/her predecessor.
- 5- However, if the conditions required for a duly-convened meeting are not met due to the number of Board Members falling below the minimum number of Board Members provided for in the Companies Law or herein, the remaining Board Members shall call the Ordinary General Assembly to convene within sixty (60) days to elect the required number of Board Members.

12.14.10 Expiry or Termination of Board Membership

Board membership shall expire at the end of its term or upon the expiration of the member's eligibility under any laws or instructions in force in the Kingdom. The General Assembly may (upon recommendation from the Board of Directors) terminate the membership of any member who fails to attend three consecutive meetings or a total of five meetings during their membership term without a valid excuse acceptable to the Board of Directors.

12.14.11 Powers of the Board of Directors

Without prejudice to the powers vested with the General Assembly, the Board of Directors or whomever it delegates shall have the broadest authorities and powers to manage the Company, develop its policies, determine its investments, supervise its business and funds, manage its affairs inside and outside the Kingdom of Saudi Arabia, and carry out all actions and business in order to achieve the Company's objectives.

Moreover, the Board of Directors is required to obtain the approval of the General Assembly when selling assets of the Company of a value exceeding fifty percent (50%) of the value of its total assets, whether the sale is made through one or several transactions. In the case of multiple transactions, the transaction that results in the percentage exceeding fifty percent (50%) of the value of the assets shall require the approval of the General Assembly. This percentage shall be calculated from the date of the first transaction that took place during the previous twelve (12) months. The Board of Directors may, within the limits of powers vested thereto, delegate one or more of its members or a third party to carry out a specific task(s).

12.14.12 Remuneration of Board Members and Committee Members

- 1- The remuneration of the Board of Directors shall consist of an attendance allowance or a certain amount, as determined by the Board of Directors.
- 2- The Board of Directors' report to the Ordinary General Assembly, at its annual meeting, shall include a comprehensive statement of all amounts Board Members received or were entitled to receive during the financial year in the form of remuneration, attendance allowances, expense allowances, and other benefits. The report shall also include a statement of the amounts received by Board Members in their capacity as employees or executives, or in exchange for technical, administrative, or consulting services as well as a statement of the number of Board meetings and the number of sessions attended by each member.

12.14.13 Powers of the Chairman. Vice Chairman. Managing Director and Secretary

- 1- The Board of Directors shall appoint a Chairman from among its members and may appoint a Managing Director or Vice-Chairman.
- 2- The Board shall appoint a Chief Executive Officer (CEO), chosen from among its members or from third parties.

The Chairman is responsible for:

Main Commercial Registers: (this authority is related to opening branches) – Issuance - Renewal – Cancellation. Sub-Commercial Registers: Issuance - Renewal – Cancellation.

The Vice-Chairman is responsible for:

Main Commercial Registers: (this authority is related to opening branches) – Issuance - Renewal – Cancellation. Sub-Commercial Registers: Issuance - Renewal – Cancellation.

The Managing Director shall be responsible for:

Main Commercial Registers: (this authority is related to opening branches) – Issuance - Renewal – Cancellation. Sub-Commercial Registers: Issuance - Renewal – Cancellation. Companies in which the Company participates as a shareholder: Signing company contracts - Purchasing shares - Liquidation - Selling shares - Representing the Company in the company in which shares are held- Establishing companies in the name of the Company - Registering them with the Ministry - Representing before the notary - Signing the Company's Articles of Association - Signing shareholder resolutions. Commercial Registers: Issuance - Renewal – Cancellation. Banking: Opening accounts - Opening lines of credit - Depositing - Withdrawing - Issuing checks - Updating accounts - Extracting account statements - Applying for facilities - Applying for guarantees - Signing loan contracts - Signing commercial papers - Signing promissory notes - Applying for any request or service falling under the jurisdiction of the Communications and Information Technology Commission - Authorization to any person in accordance with relevant regulations to apply for any requests or services falling under the jurisdiction of the Communications and Information Technology Commission. Property management: Buying, selling, and disposing of properties - Mortgaging properties. Legal proceedings: Appointing arbitrators - Appointing lawyers - Representing before notaries - Representing before Sharia courts - Hearing and responding to lawsuits - Reconciliation - Acceptance and rejection of arbitration - Acceptance and rejection of reconciliation - Acknowledgment and denial - Waiver - Litigation - Defense - Claiming - Disputing - Utilizing and executing all electronic services of the Ministry of Justice - Authorizing/authorizing third-party representation to execute electronic services with the Ministry of Justice – (Signing loan agreement contract and all amendments, appendices, and documents related thereto - Signing follow-up agreements - Signing consultancy agreements - Signing before the notary public regarding commercial mortgages on all Company assets - Receiving loans - Waiving loans - Requesting loan exemptions - Repaying loans - Signing documentary credit agreements) – (Signing suretyship agreements) – (Signing loan contract assignment and amendment agreements) – (Signing debt arrangement agreements on behalf of the Company and shareholders) – (Issuing, amending, and cancelling loan waiver announcements) – Contacting the Ministry of Agriculture and Agriculture Directorate regarding – Contacting the notary or court to allow transfer of ownership - Buying establishments – Selling establishments - Contacting the registry department - Extracting records - Managing records - Cancelling records - Supervising records - Joining the Chamber of Commerce - Participating in tenders and receiving forms - Converting establishment branches (this authority is related to opening branches by Management decision) – Contacting GOSI – Contacting ZATCA - Opening sub-registers (this authority is related to opening branches by Management decision) - Managing the commercial register - Cancelling the commercial register – Contacting Civil Defense - Modifying records - Adding activities - Reserving trade names - Renewing membership with the Chamber of Commerce - Modifying the commercial register - Transferring the commercial register - Registering trademarks - Assigning trademarks - Assigning trade names - Establishing a company – Signing articles of association and amendments thereto - Cancelling articles of association and amendments thereto - Signing shareholder resolutions - Appointing and dismissing managers - Modifying the Company's objects - Liquidating the Company - Increasing the capital - Entry and exit of shareholders - Joining existing companies - Transfer of shares, stocks, and bonds - Selling shares and stocks and receiving payment therefor - Buying shares and stocks and paying the price thereof - Opening bank accounts in the Company's name - Signing agreements - Registering the Company - Registering agencies and trademarks - Opening Company branches - Opening Company records - Signing articles of association and amendments thereof before the notary public - Extracting and renewing Company commercial registers - Joining the Chamber of Commerce and renewing membership thereat - Contacting the Ministry of Investment and signing before it – Contacting the Quality Management Department and the Standards and Metrology Authority - Contacting the Capital Market Authority - Extracting and renewing licenses for the Company - Converting the establishment into a company - Publishing articles of association, amendments, summaries, and bylaws in the Official Gazette - Contacting telecommunications companies and establishing landlines or mobile phones in the Company's name - Participating in tenders and receiving forms - Signing contracts with third parties on behalf of the Company - Waiving or cancelling trademarks - Modifying the Company's name - Obtaining visas - Receiving visa compensations - Updating employee data - Opening, renewing, and cancelling main and sub-registers - Dismissing employees - Transferring sponsorships - Modifying professions - Transferring ownership of establishments as well as liquidating and cancelling them - Contacting recruitment offices - Contacting the IT Department at the Ministry of Labor – Obtaining and renewing work permits - Receiving Nationalization certificates - Adding and removing Saudis - Recruiting foreign labor - Completing labor

procedures with GOSI - Cancelling visas - Reclaiming visa fees - Modifying nationalities - Obtaining family visit visas - Obtaining family visa permits - Contacting embassies - Extending exit and re-entry visas - Extending visit visas - Cancelling visas - Refunding visa fees - Modifying the port of entry - Obtaining residency permits - Renewing residency permits - Exit and re-entry visas - Final exit visas - Transferring sponsorships - Obtaining replacements for damaged residency permits - Concluding procedures for deceased workers - Reporting absconding workers - Cancelling absconding reports - Transferring information and updating data - Contacting the Repatriation and Expatriates Affairs Department - Extracting worker data sheets (printouts) - Transferring worker sponsorships to the workers themselves - Managing port affairs - Obtaining repatriation certificates - Receiving salaries - Receiving retirement pensions - Receiving end-of-service benefits and compensation for leaves - Transferring salaries - Receiving bonuses - Opening stores - Drafting plans for owned land - Contacting the Municipality - Converting agricultural land to residential - Supervising construction - Signing contracts with construction companies and contractors - Participating in tenders and receiving forms - Distributing shares among heirs and transferring them to their custody - Signing all documents at the Chamber of Commerce - Authorizing signatures at the Chamber of Commerce - Cancelling signatures at the Chamber of Commerce - Converting the Company from joint-stock to limited liability - Converting the Company from limited liability to joint-stock - Converting the Company from partnership to limited liability - Determining the capital - Receiving surplus allocations - Closing bank accounts in the Company's name - Attending general assemblies - Reporting worker absconding - Cancelling worker absconding reports - Adding newborns - Adding dependents - Cancelling exit and re-entry visas - Cancelling final exit visas - Issuing replacement travel visas for lost or damaged ones - Obtaining visit visa extensions - Modifying professions - Obtaining Hajj permits - Contacting domestic helper affairs - Registering for electronic services - Opening Sharia-compliant accounts - Closing and settling accounts - Withdrawing from accounts - Obtaining ATM cards - Obtaining Sharia-compliant credit cards - Receiving and cashing transfers - Cashing checks - Issuing certified checks - Obtaining check books - Obtaining account statements - Transferring between accounts - Applying for Sharia-compliant bank loans - Opening Sharia-compliant accounts - Depositing into accounts - Renewing subscriptions to trust funds - Subscribing to trust funds - Requesting loan waivers - Reclaiming trust fund units - Reviewing - Rescheduling installments - Requesting POS terminals - Applying for bank lines of credit - Applying for bank guarantees - Subscribing to joint-stock companies - Receiving share certificates - Purchasing Sharia-compliant stocks - Selling Sharia-compliant stocks - Receiving stock proceeds - Receiving dividends - Receiving surplus - Opening investment Sharia-compliant portfolios and issuing, amending, and cancelling orders - Subscribing - Buying shares - Selling shares - Redeeming mutual fund units - Subscribing to Sharia-compliant mutual fund units - Managing investment portfolios - Obtaining debt certificates - Liquidating investment portfolios - Opening stores - Obtaining licenses - Renewing licenses - Cancelling licenses - Transferring licenses - Extracting building and renovation permits - Land planning - Obtaining completion certificates - Obtaining land consolidation permits - Obtaining demolition permits - Amending contracts of companies in which the Company is a shareholder - Approving shareholder resolutions - Changing legal entities - Increasing or decreasing capital - Accepting share transfers and buying shares - Entry and exit of shareholders - Signing shareholder merger resolutions - Amending other clauses of the articles of association - Liquidating the company - Converting the Company into an establishment - Signing lease contracts - Changing the Company's legal entity - Converting the Company from a limited partnership to a limited liability company - Transferring commercial records - Obtaining replacements for lost commercial registers - Obtaining licenses - Renewing licenses - Modifying licenses - Adding activities - Reserving names - Cancelling licenses - Renewing Chamber of Commerce memberships - Opening branches - Contacting GOSI - Contacting Civil Defense - Contacting ZATCA - Opening a branch for the license - Transferring the license - Reducing capital - Converting a company branch into an establishment - Converting a company branch into a company - recruitment, settlement and relinquishment of labor - Managing business affairs - Adding children to the father's or mother's passport - Removing children from the father's or mother's passport - Receiving entitlements - Objecting to checks - Updating data - Receiving checks - Transferring shares from portfolios - Issuing health cards - Converting agricultural land into residential - Contacting the General Directorate of Urban Planning - Terminating contracts - Selling and transferring ownership to the buyer - Buying, accepting transfers of ownership - Paying the price - Receiving deeds - Leasing - Receiving rent - Signing lease contracts - Renewing lease contracts - Cancelling and terminating lease contracts - Pledging - Redeeming pledges - Partitioning and subdividing - Modifying boundaries, lengths, areas, plot numbers, plans, deeds, dates, and neighborhood names - Selling - Accepting mortgages - Updating deeds and entering them into the comprehensive system - Selling and buying shares - Leasing - Modifying the owner's name and ID number - Gifting and transferring ownership - Accepting gifts and transfers of ownership - relinquishing part of the surface area - Merging deeds - Accepting relinquishment and ownership transfers - Issuing a set of replacement deeds for lost ones - Issuing a set of replacement deeds for damaged ones - Selling and transferring ownership to heirs - Assigning shares - Documenting construction - Issuing a replacement deed for a damaged one - Converting agricultural land into residential or industrial - Entering into real estate investments - Buying shares in real estate investments - Selling shares in real estate investments - Surrendering leased land - Updating deeds and entering them into the comprehensive system - Issuing a replacement deed for a lost one - Converting agricultural land into residential - Building on the land - Renting the land - Obtaining a replacement registry for a damaged or lost one - Obtaining a fishing permit - Assigning shares and capital - Selling a Company branch - Modifying the nationality of a shareholder - Accepting share and capital assignments - Obtaining printouts - Recruitment - File opening - activating the Saudi portal - Obtaining printouts - Completing procedures for deceased workers - Assigning agricultural decisions - Obtaining salary certificate - Opening trust accounts - Activating accounts - Cancelling boat licenses - Renewing fishing permits - Dismissing labor - Assigning agricultural decisions - Obtaining boat license - Renewing boat license - Assigning boat license - Selling the boat - Cancelling fishing permits - Buying boats - Obtaining replacements for damaged or lost fishing permits - Importing boats - Obtaining replacements for damaged or lost boat licenses - Converting the Company into an establishment.

The Board of Directors shall appoint a Secretary from among its Members or third parties.

The Chairman of the Board of Directors may delegate (in writing) one or more of its members or third parties to undertake specific tasks or activities.

The Vice-Chairman, if appointed, shall replace the Chairman of the Board of Directors in his absence.

The Managing Director shall have the powers determined by the Board of Directors and shall abide by the Board's instructions.

12.14.14 Invitation of General Assembly Meetings

- 1- General and Special Assemblies shall be convened by the Board of Directors which shall convene the Ordinary General Assembly to convene within thirty (30) days from the date of the request of the Auditor or one or more Shareholders representing at least ten percent (10%) of the Company's voting rights. The Auditor may also call for the General Assembly to convene if the Board fails to do so within the period legally specified from the date of the Auditor's request.
- 2- The request referred to in Clause (1) of this Article shall specify the matters on which the Shareholders are required to vote.
- 3- The notice for convening the General Assembly meeting shall be sent at least twenty-one (21) days prior to the specified date in accordance with the provisions of the Companies Law, subject to the following:
 - a- Notifying the Shareholders by registered mail sent to the addresses listed in the Shareholders' Register, or announcing the invitation through modern means of technology.
 - b- Sending a copy of the invitation and the agenda to the Commercial Register, as well as a copy to the CMA if the Company is listed on the capital market on the date of the announcement.
- 4- The invitation to the General Assembly meeting shall, at a minimum, include the following:
 - a- The conditions entitling Shareholders to attend the meeting and their right to delegate persons other than Board members, as well as Shareholders' right to discuss the matters listed on the agenda of the meeting, raise questions, and the manner by which to exercise voting rights.
 - b- Location, date, and time of the meeting.
 - c- Type of assembly, whether it's a general or special assembly.
 - d- Agenda of the meeting containing the items that require voting by the Shareholders.

12.14.15 Ordinary General Assembly Quorum

- 1- An Ordinary General Assembly meeting shall be deemed valid only if attended by Shareholders representing at least a quarter of the Company's voting Shares.
- 2- If the quorum required for the meeting is not satisfied in accordance with Clause (1) of this Article, an invitation shall be sent for a second meeting to be held in the same manner prescribed in Article 91 of the Companies Law within 30 days of the date set for the first meeting. However, the second meeting may be held after one hour has passed from the period specified for the first meeting, provided that the invitation to the first meeting allows for convening a second meeting. In all cases, the second meeting shall be deemed valid regardless of the number of voting Shares represented therein.

12.14.16 Extraordinary General Assembly Quorum

- 1- An Extraordinary General Assembly meeting shall be deemed valid, only if attended by shareholders representing at least half of the Company's voting shares.
- 2- If the quorum required for the meeting is not satisfied in accordance with Clause (1) of this Article, an invitation shall be sent for a second meeting to be held in the same manners prescribed in Article 91 of the Companies Law. However, the second meeting may be held after one hour has passed from the period specified for the first meeting, provided that the invitation to the first meeting allows for convening a second meeting. In all cases, the second meeting shall be valid only if attended by Shareholders representing at least a quarter of the Company's voting Shares.
- 3- If the quorum required for the second meeting is not satisfied, an invitation shall be sent for a third meeting. The third meeting shall be convened in the manner prescribed in Article 91 of the Companies Laws. In all cases, the third meeting shall be deemed valid regardless of the number of voting Shares represented therein.

12.14.17 Voting at Assemblies

Cumulative voting shall be used in the election of the Board of Directors. Members of the Board of Directors may not vote on Assembly resolutions relating to transactions and contracts in which they have a direct or indirect interest, or which involve a conflict of interest.

12.14.18 Preparing Assembly Minutes

Meeting minutes shall be drafted indicating the number of attending shareholders or representatives, the number of shares represented in person or by proxy, the number of votes associated therewith, the resolutions passed, the number of votes in favor and against, as well as a comprehensive summary of the discussions that took place during the meeting. Such minutes shall be regularly recorded after each meeting in a special register to be signed by the Chairman of the Assembly, the Secretary, and the Canvasser.

12.14.19 Financial Year

The Company's financial year is composed of 12 months, starting from 1 January and ending on 31 December.

12.14.20 Purchase, Sale or Pledge of Company's Shares

- 1- The Company may buy back or pledge its ordinary or preferred shares. The Company may also buy back shares to be allocated to its employees or to the employees of its subsidiaries under the employee share scheme in accordance with the procedures and controls determined by the competent entities.
- 2- Preferred shares are deemed cancelled upon completion of the buy-back transaction, and the Company shall take necessary legal procedures to reduce its capital.

12.14.21 Sale of Company's Shares

The Company may sell Treasury Shares over one or several phases in accordance with the procedures and controls determined by the competent entities.

12.14.22 Final Provisions

- 1- The Company shall be subject to the laws in force in the Kingdom of Saudi Arabia.
- 2- Any provision herein that controverts the provisions of the Companies Law shall be deemed null and void, and the provisions of the Companies Law shall be applied with respect its subject matter. Any matter not addressed herein shall be subject to the Companies Law and Implementing Regulations thereof.
- 3- The Shareholders hereby confirm the validity of the data and provisions set forth herein, and their compliance with the Companies Law promulgated by Royal Decree No. M/132 dated 01/12/1443H and Implementing Regulations thereof, and that they fulfil all requirements and instructions issued by the Ministry of Commerce in accordance with the provisions of the Law, for which the Founders shall be accountable and shall assume all legal and financial liability. The Founders are fully aware of the Ministry of Commerce's right to take the necessary legal actions should there be any violation or conflict with the provisions set forth in these Bylaws.

12.15 Rights of Shareholders**12.15.1 Voting Rights**

Each Shareholder shall have one vote for every Share represented thereby in General Assemblies. The cumulative voting method shall be used in electing the Board members whereby voting rights may not be used more than once per Share.

12.15.2 Rights to Dividends

Shareholders shall be entitled to their shares in dividends, by virtue of the General Assembly resolution in this regard. Such resolution shall designate the due date and the distribution date. Shareholders registered in the Shareholders Registers as at the end of the due day shall be entitled to dividends. The Board of Directors must implement the General Assembly's resolution regarding the distribution of profits to Shareholders.



12.15.3 Right to Repurchase Shares

Subject to the approval of the Extraordinary General Assembly, the Company may purchase its Shares in accordance with the Companies Law and its Implementing Regulations and the controls set by the competent authority.

12.15.4 Rights in Surplus Assets in Cases of Liquidation and Amendment to the Rights of Shareholders

The following Shareholders' rights are based on the Companies Law and may not be amended:

- 1- Receiving a share of the dividends to be disbursed.
- 2- Receiving a share of the Company's excess assets upon its liquidation.
- 3- Attending General Assemblies, participating in deliberations and voting on the resolutions thereof.
- 4- Disposing of Shares as stipulated in the Companies Law.

Requesting to review the Company's books and documents; monitoring Board business; file liability claims against Board members; and challenge the invalidity of General Assembly resolutions (in accordance with the terms and conditions specified in the Companies Law and the Bylaws).

12.15.5 Amendment of Shareholders' Rights

The Shareholders' rights relating to entitlement to a share of the profits resolved to be distributed, the right to a share of the surplus assets of the Company upon liquidation, the right to attend General Assemblies, to participate in their deliberations, to vote on their resolutions, the right to dispose of shares, the right to request access to the Company's books and documents, to monitor the activities of the Board of Directors, to bring a liability action against the members of the Board, and to challenge the nullity of General Assembly resolutions (subject to the conditions and restrictions set forth in the Companies Law and the Bylaws), are derived from the Companies Law and therefore cannot be altered. The Bylaws must be amended in order to change the voting mechanism and the quorum at the General Assemblies, and the Bylaws may only be amended by a resolution of the Extraordinary General Assembly.



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UNDERWRITING



13. UNDERWRITING

The Company, the Selling Shareholder, and the Underwriter (AlJazira Capital) have entered into an Underwriting Agreement dated 13/11/1447H (corresponding to 30/04/2026G) (the “**Underwriting Agreement**”) pursuant to which the Underwriter has agreed, subject to certain terms and conditions contained in the Underwriting Agreement, to fully underwrite the Offering of twenty-one million (21,000,000) Shares. The name and address of the Underwriter are set out below:

13.1 Underwriter

Underwriter	
AlJazira Capital	
King Fahad Branch Road, Al Rahmaniyah	
P.O. Box 20438, Riyadh 11455	
Kingdom of Saudi Arabia	
Telephone: +966 (11) 225 6000	
Fax: +966 (11) 225 6182	
Email: IPO@aljaziracapital.com.sa	
Website: www.aljaziracapital.com.sa	

The agreed principal terms of the Underwriting Agreement are set out below:

13.2 Summary of the Underwriting Agreement

Under the terms and conditions of the Underwriting Agreement:

- The Selling Shareholder and the Company undertake to the Underwriter to perform the following actions on the first Business Day following the allocation of the Offer Shares upon the closing of the Offering Period:
 - Sell and allocate the Offer Shares to the Individual Subscribers or the Participating Parties whose Subscription Application Forms have been accepted by the Receiving Entities.
 - Sell and allocate to the Underwriter the Offer Shares that have not been purchased in the Offering by Individual Subscribers or Participating Parties.
- The Underwriter undertakes to the Company and the Selling Shareholder to purchase any Offer Shares that are not subscribed for by Individual Subscribers or Participating Parties, as follows:

Table (13.1): Underwritten Shares

Underwriter	No. of Underwritten Offer Shares	Percentage of Underwritten Offer Shares
AlJazira Capital	21,000,000	100%

Source: the Company

13.3 Underwriting Costs

The Selling Shareholder and the Company will pay to the Underwriter, on a basis proportional to the number of sold and new Offer Shares, the underwriting fees based on the total value of the Offering, the costs and expenses in connection with the Offering, in accordance with the contract concluded in this regard.



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EXPENSES



14. EXPENSES

The Selling Shareholder shall bear all expenses and costs associated with the Offering, estimated at around eighteen million Saudi Riyals (SAR 18,000,000). Such expenses include the fees of the Financial Advisor, Lead Manager, Joint Bookrunners, Underwriter, and Legal Advisor of the Issuer, as well as the Lead Manager, Joint Bookrunners, Underwriters, Auditors, Receiving Entities, Market Study Consultant, and other Advisors, in addition to the fees of marketing, printing and distribution expenses, as well as other related expenses. These expenses will be deducted from the Offering Proceeds. For further information, please refer to Section 8 ("**Use of Proceeds**") of this Prospectus.



دار البلد لحلول الأعمال
DAR ALBALAD FOR BUSINESS SOLUTIONS



COMPANY'S POST-LISTING UNDERTAKINGS





15. COMPANY'S POST-LISTING UNDERTAKINGS

Post-Listing, the Company undertakes to:

- Fill out Form 8 (regarding the observance of Corporate Governance Regulations). The Company shall provide the relevant justifications if it fails to meet any of the requirements set out in the Corporate Governance Regulations.
- Inform the Capital Market Authority of the date of the first post-Listing General Assembly meeting, so that representatives thereof can attend said meeting.
- Immediately after Listing, comply with all mandatory provisions set out in the Corporate Governance Regulations.
- Comply with the provisions of the OSCOs and the Listing Rules regarding the Company's ongoing obligations immediately after Listing.
- Submit to the General Assembly for approval, all works and contracts in which any Director has a direct or indirect interest (in accordance with the Companies Law, the Corporate Governance Regulations, and the regulatory controls and procedures issued in implementation of the Companies Law); provided that the Director with such interest shall be prohibited from participating in voting on decisions issued in this regard by the Board of Directors and the General Assembly.

Accordingly, once Listing is approved, Directors undertake to:

- Call for an Extraordinary General Assembly meeting to update the Company's Bylaws immediately post-Listing, including updating the same to comply with the Companies Law and the Corporate Governance Regulations issued by the CMA and other relevant laws and regulations within the specified statutory period.
- Record all resolutions and deliberations in written meeting minutes signed by the Board Chairman and Secretary.
- Disclose the details pertaining to any Related-Party transactions in accordance with the Companies Law and Corporate Governance Regulations.



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WAIVERS



16. **WAIVERS**

The Company has not applied to the CMA in order to obtain any waivers from any legal requirements.



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DAR ALBALAD FOR BUSINESS SOLUTIONS



SUBSCRIPTION TERMS AND CONDITIONS



17. SUBSCRIPTION TERMS AND CONDITIONS

The Company has submitted an application to the CMA for the registration and Offer of the securities, and an application for listing of the Shares to the Exchange in accordance with the OSCOs and Listing Rules.

All Subscribers must carefully read the Subscription Terms and Conditions before filling out their Subscription Form. Execution and submission of a Subscription Form to any of the Receiving Entities is deemed as a pledge of acceptance and approval of said Subscription Terms and Conditions.

17.1 Subscription to Offer Shares

The Offering process consists of offering twenty-one million (21,000,000) Ordinary Shares with a fully paid nominal value of one Saudi Riyal (SAR 1) per Share, and at an Offer Price of nine Saudi Riyals and seventy-five Halalas (SAR 9.75). The Offer Shares represent 30% of the Company Capital, with a total Offering value amounting to two hundred four million seven hundred fifty thousand Saudi Riyals (SAR 204,750,000), noting that the Offering to Individual Subscribers and the subsequent Listing of Shares is subject to the success of the Book Building by Participating Parties and full coverage of the Offer Shares. The Offering shall be cancelled if it is not covered during the Offering Period. The CMA may suspend this Offering after approving this Prospectus prior to the acceptance of the Shares to be listed in the event that there is a material change that would have a material adverse impact on the Company's operations.

The Offering is restricted to the following two groups of investors:

Tranche (A): Participating Parties:

This tranche comprises the parties eligible to participate in the Book-Building process in accordance with the Book-Building Instructions and Allocation Method in Initial Public Offerings, as issued by the Capital Market Authority (hereinafter referred to as the "**CMA**") (the Instructions shall hereinafter be referred to as the "**Book-Building Instructions**"), (the said parties shall be collectively referred to as the "**Participating Parties**" and each as a "**Participating Party**") (For further details, please refer to Section 1 ("**Definitions and Abbreviations**") of this Prospectus). The number of Offer Shares to be initially allocated to Participating Parties is twenty-one million (21,000,000) Ordinary Offer Shares, representing one hundred percent (100%) of the total Offer Shares. The final allocation shall take place after the end of the Individual Subscription period. In the event there is sufficient demand by Individual Subscribers (defined in Tranche (B) below) for the Offer Shares, then the Financial Advisor may reduce the number of Shares initially allocated to Participating Parties to a minimum of fourteen million seven hundred thousand (14,700,000) Ordinary Shares, representing seventy percent (70%) of the total Offer Shares. The number and percentage of Offer Shares to be allocated to Participating Parties shall be determined as deemed fit by the Financial Advisor, in coordination with the Company.

Tranche (B): Individual Subscribers:

This tranche includes natural Saudi nationals, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi person who can subscribe for her own benefit in her name or in the names of her minor children, on the condition that she provides proof that she is a divorcee or widow and the mother of her minor children, and non-Saudi natural persons either residing or not residing in the Kingdom who have an investment account and an active portfolio with one of the Receiving Entities or have the right to open an investment account with a Capital Market Institution (collectively referred to as the "**Individual Subscribers**" and each as an "**Individual Subscriber**"). Subscription by a person in the name of his divorcee shall be deemed invalid, and if a transaction of this nature is proved to have occurred, then the laws shall be enforced against such person. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted. A maximum of six million three hundred thousand (6,300,000) Ordinary Offer Shares, representing thirty percent (30%) of the total Offer Shares, shall be allocated to Individual Subscribers. In the event that Individual Subscribers do not subscribe in full for the Offer Shares allocated thereto, the Financial Advisor has the right to reduce the number of Offer Shares allocated to Individual Subscribers in proportion to the number of Offer Shares subscribed for by them.

17.2 Book-Building and Subscription by Participating Parties

- a- The price range shall be determined during the Book-Building process and shall be made available to all Participating Parties, the Company and the Selling Shareholder.

- b- Participating Parties must submit Application Forms to participate in the Book-Building process by filling out Subscription Forms obtained from the Joint Bookrunners. Participating Parties may amend or cancel their applications at any time during the Book-Building Period, provided that said applications are amended by submitting a modified Application Form or an appendix Application Form (where applicable) before the Offer Price determination process that will take place before the Book-Building process period ends. The number of Offer Shares for each of the Participating Parties shall not be less than one hundred thousand (100,000) Shares, and no more than three million four hundred and ninety-nine thousand nine hundred and ninety-nine (3,499,999) Shares, and in relation to public funds only, not exceeding the maximum limit for each participating public fund that is determined in accordance with the Book-Building Instructions, and the number of requested Shares must be allocatable. The Joint Bookrunners shall notify the Participating Parties regarding the Offer Price and the number of Offer Shares initially allocated thereto. It is possible that certain Participating Parties will not be allocated any Shares as deemed appropriate by the Company and the Financial Advisor. Subscription by Participating Parties must begin during the Offering Period, which also includes Individual Subscribers, in accordance with the Subscription Terms and Conditions as detailed in the Subscription Forms.
- c- Once the Book-Building process for Participating Parties is completed, the Joint Bookrunners shall announce the coverage percentage by Participating Parties.
- d- The Joint Bookrunners, in coordination with the Company and the Selling Shareholder, shall have the authority to determine the Offer Price as dictated by supply and demand, provided that it does not exceed the price specified in the Underwriting Agreement, and that the subscription price be aligned with the price change units applied by Tadawul.

17.3 Subscription by Individual Subscribers

Each Individual Subscriber must subscribe with Shares of a minimum subscription of ten (10) Shares and a maximum subscription of one hundred thousand (100,000) Offer Shares. Changes to or withdrawal of the Individual Subscription Form shall not be permitted once submitted.

Individual Subscribers who wish to subscribe to Offer Shares shall electronically file a Subscription Form, which will be made available through the Receiving Entities' websites or through any other means provided by the Receiving Entities allowing Individual Subscribers to subscribe to Company Shares during the Offering Period, provided that the following requirements are satisfied:

- the Individual Subscriber must have an investment account and an active portfolio at a Receiving Entity providing these services, or have the right to open an investment account with a Capital Market Institution; and
- there have been no changes to the personal information or data of the Individual Subscriber (by deleting or adding a family member) since their subscription in a recent IPO.

Upon signing and submitting the Individual Subscription Form to any of the Receiving Entities, it shall be deemed a legally binding agreement between the Selling Shareholder and the relevant Individual Subscriber.

All Individual Subscribers shall comply with the above conditions. Subscription will be deemed void if any of the above conditions are not met, including failure to hold an active share portfolio with a Capital Market Institution affiliated with the Receiving Entity through which the Subscription is made. In this case, the Subscription Application will be rejected and the amounts paid in relation thereto will be refunded.

Individual Subscribers may obtain a copy of this Prospectus and the Subscription Forms from the following Receiving Entities through the websites of CMA, the Financial Advisor, and the Company:

Receiving Entities

AlJazira Capital

King Fahad Branch Road, Al Rahmaniyah
P.O. Box 20438 Riyadh 11455
Kingdom of Saudi Arabia
Tel: +966 (11) 225 6000
Fax: +966 (11) 225 6182
Email: contactus@aljaziracapital.com.sa
Website: www.aljaziracapital.com.sa



Receiving Entities

Alawwal Invest Company (SAB Invest)

General Olaya Street
P.O. Box 1467 Riyadh 11431
Saudi Arabia
Tel: 8001242442
Fax: +966 (12) 216 9102
Email: customercare@sabinvest.com
Website: www.sabinvest.com

**Al Rajhi Capital**

Head Office, King Fahd Road, Al Murooj District
P.O. Box 5561
Riyadh 11432
Kingdom of Saudi Arabia
Tel: +966 92 000 5856
Fax: +966 (11) 460 0625
Email: investmentbankingteam@alrajhi-capital.com
Website: www.alrajhi-capital.com

**BSF Capital**

King Fahad Road 8092
4th Floor, Legend Tower
P.O. Box 23454 Riyadh 12313-3735
Kingdom of Saudi Arabia
Tel: +966 (11) 282 6666
Fax: +966 (11) 282 6723
Email: sfc-supportcenter@bsfcapital.sa
Website: www.bsfcapital.sa

**Alinma Capital**

Al Anoud Tower 2, King Fahad Road
Kingdom of Saudi Arabia
P.O. Box 55560 Riyadh 11544
Tel: +966 (11) 218 5999
Fax: +966 (11) 218 5970
Email: Info@alinmacapital.com
Website: www.alinmacapital.com

**Riyad Capital**

2414 - Al Shuhada District, Unit No. 69
P.O. Box 13241 Riyadh 7279
Kingdom of Saudi Arabia
Tel: +966 (11) 486 5649
Fax: +966 (11) 486 5908
Email: ask@riyadcapital.com
Website: www.riyadcapital.com

**Alistithmar for Financial Securities and Brokerage**

King Fahad Branch Road
P.O. Box 6888 Riyadh 11452
Kingdom of Saudi Arabia
Tel: +966 (11) 254 7666
Fax: +966 (11) 489 6253
Email: WebEcare@icap.com.sa
Website: www.icap.com.sa



Receiving Entities

AlBilad Investment Company

King Fahad Road, Al Olaya, Riyadh – 12313 – 3701
 Kingdom of Saudi Arabia
 Tel: 800116002
 Fax: +966 (11) 2906299
 Email: investmentbanking@albilad-capital.com
 Website: www.albilad-capital.com

**ANB Capital**

King Faisal Street
 ANB Capital Building
 P.O. Box 220009 Riyadh 11311
 Kingdom of Saudi Arabia
 Tel: +966 (11) 406 2500
 Fax: +966 (11) 406 2548
 Email: Investment.Banking@anbcapital.com.sa
 Website: www.anbcapital.com.sa

**SNB Capital**

King Saud Street, Al-Murabba District - Building No. 7347
 P.O. Box 2575, Riyadh 12624
 Kingdom of Saudi Arabia
 Tel: +966 920000232
 International Call Center: +966 (11) 406 0052
 Email: IPOService@alahlicapital.com
 Website: www.alahlicapital.com

**Derayah Financial**

Riyadh - Al-Takhassusi Street - Prestige Center - Third Floor
 Kingdom of Saudi Arabia
 Tel: +966 (11) 299 8000
 Fax: +966 (11) 419 5498
 Email: support@derayah.com
 Website: www.derayah.com

**Yaqeen Capital**

ANB Capital Building
 Al Worood District - Al Olaya Road - Riyadh
 P.O. Box 884 Riyadh 11421
 Kingdom of Saudi Arabia
 Tel: +966 800 429 8888
 Fax: +966 (11) 205 4827
 Email: addingvalue@yaqeen.sa
 Website: www.yaqeen.sa

**Alkhabeer Capital**

Madinah Road, Jeddah
 P.O. Box 128289 Jeddah 21362
 Kingdom of Saudi Arabia
 Tel: +966 (12) 612 9345
 Fax: +966 (12) 685 6663
 Email: info@alkhabeer.com
 Website: www.alkhabeer.com



Receiving Entities

Sahm Capital

King Abdullah Financial District - Tower 305
Riyadh 13519
Kingdom of Saudi Arabia
Tel: +966 (11) 414 5260
Email: info@sahmcapital.com
Website: www.sahmcapital.com

**GIB Capital**

Building B1, Granada Business &
Residential Park, Eastern Ring Road
P.O. Box 89589, Riyadh 11692
Kingdom of Saudi Arabia
Tel: +966 800 124 0121
Fax: +966 11 834 834 8400
Email: customercare@gibcapital.com
Website: www.gibcapital.com

**Musharaka Capital**

Al Khobar – Prince Turki Bin Abdulaziz Street – Adeer Tower –
13th Floor
P.O. Box 712, Al Khobar 31952, Kingdom of Saudi Arabia
Tel: +966 920006811
Fax: +966 13 881 8412
Email: receiving-entity@musharaka.sa
Website: www.musharaka.sa

**EFG Hermes Saudi Arabia**

3rd Floor, North Tower, Sky Towers
King Fahd Road, Olaya, Riyadh
P.O. Box 300189, Riyadh 11372
Kingdom of Saudi Arabia
Tel: +966 (11) 2938048
Fax: +966 (11) 2938032
Email: ksareipo@efg-hermes.com
Website: www.efghermesksa.com

**Awaed Capital**

Al Urubah Road, 2163, Al Mathar Al Shamali District 12334
Office Houses, Riyadh
Kingdom of Saudi Arabia
Tel: 8001111870
Email: ipo_awaed@awaed.co
Website: www.awaed.capital

**Dinar Investment**

4539 Northern Ring Branch, 6880 Al Wadi District
Riyadh 13313
Kingdom of Saudi Arabia
Tel: 920006151
Website: www.dinar.sa
Email: DTC@dinar.sa



The Receiving Entities will commence receiving Subscription Forms throughout the Kingdom beginning on Sunday, 23/11/1447H (corresponding to 10/05/2026G), until Thursday, 27/11/1447H (corresponding to 14/05/2026G). In the event that the information provided in the Subscription Form is incomplete or inaccurate, the Subscription Form will be considered void. The Individual Subscriber does not have the right to claim any compensation for the damages incurred due to such cancellation.

Individual Subscribers who wish to subscribe to Offer Shares shall electronically file a Subscription Form, which will be made available through the Receiving Entities' websites or through any other means provided by the Receiving Entities allowing Individual Subscribers to subscribe to Company Shares during the Offering Period. Each Individual Subscriber shall specify the number of Offer Shares subscribed for in his Subscription Form for an amount equal to the number of Offer Shares applied for multiplied by the Offer Price of nine Saudi Riyals and seventy-five Halalas (SAR 9.75) per Offer Share.

Subscriptions by an Individual Subscribers for less than ten (10) Shares or fractions of Shares will not be accepted, and any subscription to shares above said number must be in multiple thereof, noting that the maximum subscription is one hundred thousand (100,000) Offer Shares for Individual Subscribers. Individual Subscriber must fulfill and complete all subscription requirements described in this Prospectus, and agree to all relevant terms and conditions. The Company and the Lead Manager reserve the right to reject any Subscription Application in part or in full, in the event that any of the subscription terms and conditions are not met or the necessary instructions are not followed. After its receipt, no amendments can be made to the Subscription Form, nor can it be withdrawn, unless otherwise approved by the Lead Manager.

17.4 Allocation and Refunds

The Lead Manager and Receiving Entities shall open and operate an escrow account, in which each Receiving Entity shall deposit monies received from Individual Subscribers.

The Lead Manager or the Receiving Entities (as applicable) shall notify Subscribers informing them of the final number of Offer Shares allocated thereto, together with the amounts to be refunded to Subscribers.

Excess subscription monies (if any) will be refunded to the Subscribers in whole without any commissions or deductions, and will be deposited in the Subscriber's account as specified in the Subscription Form.

The announcement of the final allocation and refund process shall be made no later than Monday, 01/12/1447H (corresponding to 18/05/2026G) and the excess monies refunded no later than Thursday, 04/12/1447H (corresponding to 21/05/2026G) (for further details, see ("**Key Dates and Subscription Procedures**") of this Prospectus).

17.4.1 Allocation of Offer Shares to Participating Parties

The Financial Advisor, in coordination with the Company, shall determine the allocation of Offer Shares for the Participating Parties as they see fit, after the allocation of Offer Shares to Individual Subscribers is completed, provided that the number of Offer Shares initially allocated to Participating Parties shall not be less than twenty-one million (21,000,000) Ordinary Shares, representing one hundred percent (100%) of the total Offer Shares, and provided that the final allocation for Participating Parties shall not be less than fourteen million seven hundred thousand (14,700,000) Ordinary Shares, representing seventy percent (70%) of the total Offer Shares.

17.4.2 Allocation of Offer Shares to Individual Subscribers

The Financial Advisor, in coordination with the Company, shall determine the allocation of Offer Shares for Individual Subscribers as they see fit. There will be an allocation of six million three hundred thousand (6,300,000) Ordinary Shares, representing thirty percent (30%) of the total Offer Shares, to Individual Subscribers. The minimum allocation per Individual Subscriber is ten (10) Shares. The balance of the Offer Shares, if any, will be allocated on a pro-rata basis of each Individual Subscriber's application in proportion to the total number of requested Shares. In the event that the number of Individual Subscribers exceeds six hundred and thirty thousand (630,000) Individual Subscribers, the Company will not guarantee the minimum allocation of Offer Shares, and the allocation will be made as determined by the Company and the Financial Advisor. The surplus (if any) would be refunded to Individual Subscribers without any commissions or deductions by the Receiving Entities.

17.5 Circumstances where Listing may be Suspended or Cancelled

17.5.1 Power to Suspend or Cancel Listing

- a- The CMA may suspend share trading or cancel the Listing at any time as it deems fit, in any of the following circumstances:
- b- The CMA considers it necessary for the protection of investors or the maintenance of an orderly market.
- c- The Issuer fails, in a manner which the CMA considers material, to comply with the Capital Market Law and its implementing regulations.
- d- The Issuer does not pay any fees due to the CMA or the Exchange, or penalties due to the CMA on time.

- e- If it considers that the Issuer or its business, the level of its operations or its assets is no longer suitable to warrant the continued Listing of shares in the Exchange.
- f- When the reverse takeover announcement does not contain sufficient information about the proposed transaction. In the event that the Company has given sufficient information regarding the target entity and the CMA is satisfied, following the announcement of the Company, that sufficient public information is available on the proposed transaction or the reverse takeover, the CMA may decide to withhold trading suspension at this stage.
- g- When information about the proposed transaction of reverse takeover is leaked and the Issuer cannot accurately assess its financial position and the Exchange cannot be informed accordingly.
- h- Upon filing a request for commencing financial reorganization procedures before the court under the Bankruptcy Law, for an Issuer whose accumulated losses amounted to 50% or more of the capital thereof.
- i- Upon filing a request for commencing Issuer liquidation procedures or administrative liquidation procedure before the court under the Bankruptcy Law.
- j- Upon issuance of a final court ruling to end Issuer financial reorganization procedures and initiation of liquidation procedures or the administrative liquidation procedures under the Bankruptcy Law.
- k- Upon issuance of a final court ruling to commence Issuer liquidation procedures or administrative liquidation procedures under the Bankruptcy Law.
- l- Lifting of trading suspension, as per Paragraph (A) above is subject to the following:
 - 1- Adequately addressing the conditions that led to the suspension by the Issuer, and the lack of the need to continue the suspension for the protection of investors;
 - 2- Lifting the suspension is unlikely to affect the normal activity of the Exchange.
 - 3- The Issuer complies with any other conditions that the CMA may require.
 - 4- Upon the issuance of a final court ruling requiring the opening of a procedure involving the Issuer's financial reorganization under the Bankruptcy Law, unless such Issuer was suspended from conducting its activities by the relevant competent authority, in the event that the suspension was in accordance with Subparagraph 7 of Paragraph (A) above.
 - 5- Upon the issuance of the final court ruling rejecting the opening of the liquidation procedure or the administrative liquidation procedure under the Bankruptcy Law, unless such Issuer's activities were suspended by the relevant competent authority, in the event of a suspension in accordance with Subparagraph 8 of Paragraph (A) above.
- m- The Exchange shall suspend the trading of the securities of the Company in any of the following cases:
 - 1- When the Issuer does not comply with the deadlines for the disclosure of its periodic financial information, in accordance with the requirements during the deadlines under the applicable implementing regulations.
 - 2- When the auditor's report on the financial statements of the Issuer contains an opposing opinion or an abstention from expressing opinion.
 - 3- If the liquidity requirements of Chapter 2 of the Listing Rules are not met after the time limit set by the Exchange for the Issuer to rectify its conditions, unless the CMA agrees otherwise.
 - 4- The issuance of a decision by an Extraordinary General Assembly of the Issuer to reduce its capital for the two trading days following the issuance of the decision.
- n- The Exchange shall lift the suspension referred to in Subparagraphs 1 and 2 of Paragraph (C) above, one trading session after the reason for such suspension has been removed. If the trading of Shares is authorized outside the platform, the Exchange shall lift the suspension within a period not exceeding five trading sessions following the absence of any reason for suspension.
- o- The Exchange may ask the CMA, at any time, to suspend the trading of any listed securities or to cancel the listing altogether, if any of the cases mentioned in Paragraph (A) above is likely to occur.
- p- The Issuer whose securities are subject to trading suspension, must continue to comply with the Capital Market Law, its implementing regulations and the Listing rules.
- q- If the suspension of trading of securities continues for a period of 6 months, without any appropriate measures taken by the Issuer to remedy said suspension, the CMA may cancel the Listing of the Issuer's securities.
- r- When the Issuer completes a reverse takeover, the Issuer's shares shall be delisted. If the Issuer wishes to re-list its Shares, it must submit a new application to list its Shares in accordance with the Listing Rules and fulfill the relevant requirements stipulated in the OSCOs rules.
- s- This Paragraph shall not prejudice the suspension of trading or the cancellation of Listing resulting from the Issuer's losses, based on the relevant implementing regulations of the CML and Listing rules.

17.5.2 Voluntary Cancellation of Listing

- a- The Company, after it is listed on the Exchange, may not cancel the Listing of its securities without the prior approval of the CMA. To obtain the CMA approval, the Company must provide the cancellation application to the CMA along with a simultaneous notice to the Exchange. The application shall include the following:
 - 1- Specific reasons for the cancellation request;
 - 2- A copy of the disclosure referred to in Paragraph (D) below.
 - 3- A copy of the relevant documentation and a copy of each related communication to Shareholders, if the cancellation is to take place as a result of an acquisition or other corporate action by the Company; and
 - 4- Names and contact information of the Financial Advisor and Legal Advisor appointed according to the relevant implementing regulations.
- b- The CMA may, at its discretion, approve or reject the cancellation request.
- c- Upon the approval of the CMA for the cancellation of Listing, the Company must obtain the consent of its Extraordinary General Assembly.
- d- Where cancellation is made at the Company's request, the Company must disclose that to the public as soon as possible. The disclosure has to include at least the reason for the cancellation, the nature of the event resulting in the cancellation, and how it affects the Issuer's activities.

17.5.3 Temporary Trading Suspension

- 1- The Company may request the Exchange to implement a temporary trading suspension upon the occurrence of an event that occurs during trading hours which requires immediate disclosure under the Capital Market Law, its implementing regulations or the Exchange rules, where the Company cannot maintain the confidentiality of this information until the end of the trading period. In such case, the Exchange suspends trading of the securities of the Company as soon as it receives the request.
- 2- Where a temporary trading suspension is made at the Company's request, the Company must disclose as soon as possible the reason for the trading suspension, the anticipated period of the trading suspension, the event leading thereto and the extent to which it affects the Company's activities.
- 3- The CMA may impose a temporary trading suspension without a request from the Company, where the CMA becomes aware of information or circumstances affecting the Company's activities that the CMA considers to likely to interrupt the operation of the Exchange or the protection of investors. The Company, once its securities are subject to temporary trading suspension, must continue to comply with the Capital Market Law, its implementing regulations and Exchange rules.
- 4- The Exchange may recommend to the CMA to practice its powers in accordance with the above Paragraph (C), if it discovers any information or circumstances that might affect the Company's activities, thus potentially affecting the Exchange's activities or investors' protection.
- 5- A temporary trading suspension will be lifted following the elapse of the disclosure period referred to in the above Paragraph (B), unless the CMA or the Saudi Exchange decide otherwise.

17.5.4 Lifting of Suspension

Lifting of trading suspension, as per Paragraph (A) of Section 17.5.1 ("**Power to Suspend or Cancel Listing**") of this Prospectus, is subject to the following:

- Adequately addressing the conditions that led to the suspension and the lack of the need to continue the suspension for the protection of investors;
- Lifting the suspension is unlikely to affect the normal activity of the Exchange.
- The Company complies with any other conditions that the CMA may require.
- In the event that the suspension is due to the Issuer's accumulated losses of 50% or more of its capital before the court under the Bankruptcy Law, then the suspension shall be lifted upon the issuance of the final court ruling on the commencement of a financial restructuring procedure for the Issuer in accordance with the law stipulating the governing of the Issuer's activities by the competent authority.
- In the event that the suspension was due to an Issuer liquidation procedure or administrative liquidation procedure before the court under the Bankruptcy Law, the suspension shall be lifted upon the issuance of the final court ruling rejecting the commencement of liquidation procedures or administrative liquidation procedures under the Bankruptcy Law, unless suspended from the practice of its activities by the relevant competent authority.

In the event that the Listing suspension continues for six (6) months with no appropriate procedure made by the Company to correct such suspension, the CMA may cancel the Listing of securities of the Issuer.

17.5.5 Re-registering and Listing of Cancelled Securities

If the Company wishes to re-list its Shares after the cancellation thereof, it must submit a new application to list its Shares in accordance with the Listing Rules, and fulfil the relevant requirements stipulated in the OSCOs and the Listing Rules.

17.6 Approvals and Decisions under which the Offer Shares are Offered and Listed

The following are the decisions and approvals under which the Offer Shares are offered and listed:

- The Company's Board of Directors resolution approving the Public Offering of the Company's Shares dated 17/09/1446H (corresponding to 17/03/2025G);
- The Extraordinary General Assembly resolution dated 20/10/1446H (corresponding to 18/04/2025G) approving the Public Offering of the Company's Shares, increasing the Company's capital, offering New Shares for subscription, and completing the increase procedures at the Ministry of Commerce following the completion of the subscription and allocation thereof.
- The Saudi Stock Exchange Tadawul's conditional Listing approval issued on 17/02/1447H (corresponding to 11/08/2025G); and
- The CMA's announcement approving the Offering dated 11/07/1447H (corresponding to 31/12/2025G).

17.7 Lock-Up Period

The Substantial Shareholder referred to on page (xv) of this Prospectus may not dispose of any of its Shares, for a period of six (6) months from the date on which trading of the Company's Shares commences on the Exchange. Following the Lock-up Period, the Substantial Shareholder is not restricted from disposing of its Shares without prior CMA approval.

17.8 Acknowledgments by Subscribers

By completing and delivering the Subscription Form, each Subscriber:

- agrees to subscribe to the number of Offer Shares specified in the submitted Subscription Form;
- warrants that he has read and carefully examined this Prospectus and understood all its content;
- accepts the Company's Bylaws and all Offering instructions and terms and conditions mentioned in this Prospectus, the Subscription Form, and Electronic Subscription Application, and subscribes in the Shares accordingly;
- declares that neither himself nor any of his family members included in the Subscription Application Form have previously subscribed to the Company's Shares and accepts that the Company has the right to reject any or all duplicate applications;
- accepts the number of Offer Shares allocated to him (to the maximum of the amount subscribed for) as per the Subscription Form; and
- warrants not to cancel or amend the Subscription Form, after submitting it to the Lead Manager or the Receiving Entity.

(For further details about the allocation process and surplus refund, please refer to Section 17.4 ("Allocation and Refunds") hereof).

17.9 Shares' Record and Trading Arrangements

The Depository Center (Edaa) shall keep a Shareholders' record containing their names, nationalities, addresses, professions, the Shares held thereby, and the amounts paid for these Shares.

17.10 Saudi Stock Exchange

In 1990G, full electronic trading in the Kingdom equities was introduced. The Tadawul System was founded in 2001G as the successor to the Electronic Securities Information System. Trading in shares occurs on the "**Tadawul**" system through a fully integrated trading system covering the entire trading process from execution of the trade transaction through settlement thereof. Trading occurs on each Business Day of the week between 10:00 a.m. and 3:00 p.m., consecutively, from Sunday to Thursday, during which orders are executed. However, during other than those times, orders can be entered, amended or cancelled from 9:30 a.m. to 10:00 a.m. The said times are subject to change during the month of Ramadan or in other months, as announced through Tadawul. Transactions take place through the automatic matching of orders. Each valid order is accepted and generated according to the price level. In general, market orders (orders placed at best price) are executed first, followed by limit orders (orders placed at a price limit), provided that if several orders are generated at the same price, they are executed according to the time of entry. The Tadawul System distributes a comprehensive range of information through various channels,

including in particular the Saudi Exchange website (Tadawul) and the Saudi Exchange Information Link, which supplies trading data in real time to the information providers such as Reuters. Exchange transactions are settled on a T+2 basis, meaning that share ownership transfer takes two working days after the trade transaction is executed.

Listed companies are required to disclose all material decisions and information that are important for the investors via the Saudi Exchange. Surveillance and monitoring are the responsibility of the Saudi Exchange as the operator of the mechanism through which the market operates in order to ensure fair and smooth trading in Shares.

Securities Depository Center (Edaa)

Securities Depository Center Company (Edaa) was established in 2016G, in accordance with the Saudi Companies Law issued by Royal Decree No. M/3 dated 28/01/1437H. It is a closed joint-stock company fully owned by the Saudi Exchange (Tadawul) Group, with a capital of SAR 400,000,000 divided into 40,000,000 shares, with a nominal value of ten Saudi Riyals (SAR 10) per share.

The establishment was based on CMA Board's approval of Tadawul's Board of Directors request in relation to conversion of the Securities Depository Center into a joint-stock company in accordance with the Capital Market Law issued by Royal Decree No. M/30 dated 02/06/1424H.

The activities of Edaa are to conduct businesses related to depositing, registering, transferring, settling and clearing securities, and recording any ownership restrictions on the deposited securities. Further, it deposits and manages the records of the issuers of securities, and organizes issuers' general assemblies, including the remote voting services (e-Voting), reporting, notifications, and information, as well as providing other related services that Edaa may provide in accordance with CML and its implementing regulations.

17.11 Trading in the Company's Shares

It is expected that trading in the Company's Shares will commence after the final allocation of Shares and the Saudi Exchange announcement of the start date of trading of the Shares. The dates and times mentioned in this Prospectus are considered tentative dates mentioned for inference only, and they can be changed or extended with the approval of the CMA.

Saudi nationals, GCC nationals, as well as Saudi and GCC companies, banks, and investment funds will be permitted to trade in the Offer Shares once they are traded on the Exchange. Moreover, foreign investors will be permitted to trade in the Company's Shares in accordance with the Rules for Foreign Investment in Securities.

17.12 Miscellaneous

The Subscription Form and all related terms, conditions, provisions, covenants and undertakings shall be binding upon and inure to the benefit of the parties to the subscription and their respective successors, permitted assigns, executors, administrators and heirs; provided that neither the Subscription Form nor any of the rights, interests or obligations arising pursuant thereto shall be assigned and delegated by any of the parties to the subscription, without the prior written consent of the other party.

These instructions, the items and the receipt of any Subscription Forms or related contracts shall be governed, construed and enforced in accordance with the laws of the Kingdom.

This Prospectus has been issued in Arabic and English. Only the Arabic version is approved by the CMA. If there is any conflict between the Arabic and English texts, the Arabic version shall prevail.

The distribution of this Prospectus and the sale of the Offer Shares to any person in any country other than the Kingdom are expressly prohibited, except for foreign Participating Parties, taking into account the relevant laws and instructions regulating the same. The Company, Selling Shareholder, Financial Advisor, Lead Manager, and Underwriter require all recipients of this Prospectus to adhere to all regulatory restrictions on the Offer Shares and the sale of Offer Shares and to observe such restrictions.



دار البلد لحلول الأعمال
DAR ALBALAD FOR BUSINESS SOLUTIONS



DOCUMENTS AVAILABLE FOR INSPECTION



18. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents will be available for inspection at the Company's head office between nine (9) a.m. and five (5) p.m. from 04/11/1447H (corresponding to 21/04/2026G) until 27/11/1447H (corresponding to 14/05/2026G) for a period of no less than 20 days prior to the end of the Offering Period:

- Copy of the CMA's announcement of the approval of the Offering.
- The Board of Directors resolution to recommend to the General Assembly to offer the Company's Shares for public subscription and list them on the Saudi Exchange issued on 17/09/1446H (corresponding to 17/03/2025G).
- The minutes of the Extraordinary General Assembly approving the Offering of the Company's shares for public subscription and their Listing on Tadawul dated 22/10/1446H (corresponding to 18/04/2025G), and the minutes of the Extraordinary General Assembly dated 24/01/1447H (corresponding to 19/07/2025G).
- Company's Bylaws, amendments thereto, and any other constitutional documents.
- Company's commercial registration certificate issued by MoC.
- The condensed consolidated interim financial statements for the three-month period ended 31 March 2026.
- The consolidated audited financial statements for the Financial Year Ended 31 December 2025G.
- The condensed interim consolidated financial statements for the nine-month period ended 30 September 2025G.
- The Company's audited Special Purpose Financial Statements for the Financial Year Ended 31 December 2022G, the audited financial statements for the Financial Years Ended 31 December 2023G and 31 December 2024G, and the Condensed Consolidated Interim Financial Statements for the Six-Month Period Ended 30 June 2025G, prepared by the Company in accordance with IFRS as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA.
- The unaudited Pro Forma Financial Statements of the Company and its material Subsidiary for the Financial Years Ended 31 December 2022G, 31 December 2023G, and 31 December 2024G, prepared in accordance with IFRS-KSA and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants, by Talal Abu-Ghazaleh & Co. (Certified Public Accountants).
- Market study prepared by the Market Study Consultant.
- Letters of consent from each of:
 - The Financial Advisor, Bookrunner, and Underwriter (AlJazira Capital) for the inclusion of its name, logo and declarations in this Prospectus.
 - The Legal Advisor (Baker McKenzie Law Firm), for the inclusion of its name, logo and declarations, if any, in this Prospectus
 - The Financial Due Diligence Advisor (Ernst & Young Professional Services (Professional Limited Liability Company)) for the inclusion of its name, logo and declarations, if any, in this Prospectus.
 - The Auditor (Talal Abu-Ghazaleh & Co. (Certified Public Accountants)), for the inclusion in this Prospectus, of its name, logo or reports, as Auditor of the Special Purpose Audited Financial Statements for the Financial Year Ended 31 December 2022G, the Audited Financial Statements for the Financial Years Ended 31 December 2023G and 31 December 2024G, and the Condensed Consolidated Interim Financial Statements for the Six-Month Period Ended 30 June 2025G, prepared by the Company in accordance with IFRS-KSA and other standards and pronouncements issued by the SOCPA.
 - The Market Study Consultant (Euromonitor International Limited) for the inclusion of its name, logo and declarations in this Prospectus.
 - The Joint Bookrunner, Emirates NBD Capital KSA for the inclusion of its name, logo and declarations in this Prospectus.
- Contracts and agreements disclosed in Section 12.6 ("**Material Agreements**") and Section 12.8.1 ("**Contracts with Related Parties**") hereof.
- Underwriting Agreement.
- All reports, letters, and other documents, valuations and data prepared by any expert wholly or partly included or referred to herein.



دار البلد لحلول الأعمال
DAR ALBALAD FOR BUSINESS SOLUTIONS



FINANCIAL STATEMENTS AND AUDITOR'S REPORTS



19. FINANCIAL STATEMENTS AND AUDITOR'S REPORTS

This Section contains the Company's Special Purpose Audited Financial Statements for the Financial Year Ended 31 December 2022G, and the Audited Financial Statements for the Financial Years Ended 31 December 2023G and 31 December 2024G, the Condensed Consolidated Interim Financial Statements for the Six-Month Period Ended 30 June 2025G, the condensed interim consolidated financial statements for the nine-month period ended 30 September 2025G, the consolidated audited financial statements for the Financial Year Ended 31 December 2025G, and the condensed consolidated interim financial statements for the three-month period ended 31 March 2026G, prepared by the Company in accordance with IFRS-KSA and other standards and pronouncements as endorsed by SOCPA. The financial statements for the Financial Years Ended 31 December 2022G, 31 December 2023G and 31 December 2024G were audited and the Condensed Consolidated Interim Financial Statements for the Six-Month Period Ended 30 June 2025G were reviewed by Talal Abu-Ghazaleh & Co. (Certified Public Accountants) in accordance with International Standards on Auditing (ISA) as endorsed in the KSA.

Additionally, the Company's and Material Subsidiary's unaudited pro-forma financial statements for the Financial Years Ended 31 December 2022G, 31 December 2023G, and 31 December 2024G were prepared by Talal Abu-Ghazaleh & Co. (Certified Public Accountants), in accordance with IFRS-KSA and other standards and pronouncements that are endorsed by SOCPA.

**Dar Al Balad Maintenance
And Operation Company
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia**

**Special Purpose Financial Statements
For the Year Ended 31 December 2022
And Independent Auditor's Report
On the Transition Adjustments
To International Financial Reporting Standards**

**Dar Al Balad Maintenance and Operation Company
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia**

Index

	Page	Exhibit
Independent Auditor's Report on the Transition Adjustments To International Financial Reporting Standards	1-2	--
Special Purpose Statement of Financial Position as of 31 December 2022	3	A
Special Purpose Statement of Comprehensive Income For the Year Ended 31 December 2022	4	B
Special Purpose Statement of Changes in Equity For the Year Ended 31 December 2022	5	C
Special Purpose Statement of Cash Flows for the Year Ended 31 December 2022	6	D
Notes to the Special Purpose Financial Statements for the Year Ended 31 December 2022	7-36	--

شركة طلال أبوغزالة وشركاه
محاسبون قانونيون
Talal Abu-Ghazaleh & Co. Certified Public Accountants
Professional Register No. 1010424464
سجل شركة مهنية رقم ١٠١٠٤٢٤٤٦٤



Independent Auditor's Report on Transition Adjustments to International Financial Reporting Standards

The Owner
Dar Al Balad Maintenance and Operation Company
A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia

Opinion:

We have audited the transition adjustments from the International Financial Reporting Standard for Small and Medium-sized Entities to the International Financial Reporting Standards adopted in the Kingdom of Saudi Arabia ("transition adjustments") on the special purpose financial statements of **Dar Al Balad Maintenance and Operation Company** – (the "Company") – (A Single-Person Company) – A Limited Liability Company, which comprise the special purpose statement of financial position as of 31 December 2022, and the special purpose statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, and the opening statement of financial position of the Company as at 01 January 2022, and the notes to the special purpose financial statements, including material accounting policy information.

Basis for Opinion:

We conducted our audit of the "Transition Adjustments" in accordance with International Standards on Auditing endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the "Transition Adjustments" section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) endorsed in the Kingdom of Saudi Arabia, relevant to our audit of the transition adjustments on the special purpose 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 qualified opinion.

Emphasis of Matter:

- On 30 May 2024, the Company's name was amended from Dar Al Balad for Maintenance and Operation Company – (A Single-Person Company) – A Limited Liability Company to **Dar Al Balad Business Solutions Company** – (A Single-Person Company) – A Limited Liability Company – Note (1).
- The financial statements for the year ended 31 December 2023 are the first annual financial statements prepared in accordance with the (IFRS) standards adopted in the Kingdom of Saudi Arabia, as it had previously applied the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs). These special purpose financial statements for 2022 have been prepared after reflecting the transition adjustments, as part of the requirements for completing the Company's share offering process with the Capital Market Authority (CMA).
- As referred to in Note (2) to the accompanying special purpose financial statements, the management of Dar Al Balad for Maintenance and Operation Company prepared the special purpose financial statements as part of the requirements for completing the Company's share offering process with the Capital Market Authority. While the Company's management had previously prepared the financial statements for the year ended 31 December 2022 in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, which were audited by another auditor who issued an unmodified report on those financial statements dated 8 Shawwal 1444H (corresponding to 28 April 2023) and which were filed with the Ministry of Commerce and the Zakat, Tax and Customs Authority. We did not audit the special purpose financial statements, and our work was limited to reviewing the "transition adjustments" made by management as part of the transition process from the International Financial Reporting Standard for Small and Medium-sized Entities to the International Financial Reporting Standards adopted in the Kingdom of Saudi Arabia.

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

Management is responsible for the preparation and fair presentation of the transition adjustments on the special purpose financial statements in accordance with the IFRS as adopted in the Kingdom of Saudi Arabia, and other standards and other pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA), the Companies' By-Law, and the Company's Articles of Association/Founding Contract. Management is also responsible for such internal control as it deems necessary to enable the preparation of special purpose financial statements that are free from material misstatement, whether due to fraud or error.

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

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شارع العليا العام - بجوار وزارة الداخلية
هاتف : ٩٦٦ ١١ ٤٦٤ ٢٩٣٦
فاكس : ٩٦٦ ١١ ٤٦٥ ٩٩١٥
ص.ب.٩٧٦٧ الرياض ١١٤٢٣ - المملكة العربية السعودية

Independent Auditor's Report on the "Transition Adjustments" to the Owner of Dar Al Balad Maintenance and Operation Company – (A Single-Person Company) – A Limited Liability Company as of 31 December 2022

Those charged with governance (the Board of Directors) are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the "Transition Adjustments" on the Special Purpose Financial Statements:

Our objectives are to obtain reasonable assurance about whether the reflection of transition adjustments on the special purpose 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 endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these special purpose financial statements.

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

- Identify and assess the risks of material misstatement in reflecting the impact of conversion adjustments on special-purpose financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks, and obtain sufficient and appropriate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the impact of the transition adjustments on the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the impact of the transition adjustments on the overall presentation, structure, and content of the special-purpose financial statements, including the disclosures.

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.

For Talal Abu-Ghazaleh & Co.


Waleed A. Bamarouf
Certified Public Accountant
License No. 408



Riyadh in : 11 Rajab 1446 H.
Corresponding to : 11 January 2025 G.



Dar Al Balad Maintenance and Operation Company
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Special Purpose Statement of Financial Position
As of 31 December 2022

Exhibit A

	Note	31 December 2022 (Restated) SR.	31 December 2021 (Restated) SR.
Assets			
Current Assets			
Cash and cash equivalents	(8)	10,895,716	11,361,832
Trade receivables	(9)	24,836,892	20,083,804
Other debit balances	(10)	2,061,755	2,419,734
Due from related parties	(11/a)	20,078,059	12,212,244
Investments at fair value through profit or loss	(12)	873,296	--
Unbilled revenue	(13)	5,692,200	6,839,080
Total Current Assets		64,437,918	52,916,694
Non-Current Assets			
Property, plant, and equipment - net	(14)	430,846	389,269
Intangible assets	(15)	--	173
Right-of-use asset - net	(16)	470,413	--
Total Non-Current Assets		901,259	389,442
Total Assets		65,339,177	53,306,136
Liabilities and Equity			
Current Liabilities			
Short-term loans	(17)	--	5,000,000
Trade payables	(18)	123,367	81,321
Due to related parties	(11/b)	--	500,000
Other payables	(19)	4,371,666	3,453,866
Lease liabilities - current portion	(16/b)	270,990	--
Provision for estimated zakat	(20/c)	1,362,765	880,364
Total Current Liabilities		6,128,788	9,915,551
Non-Current Liabilities			
Lease liabilities - non-current portion	(16/b)	163,766	--
Long-term employee benefit obligations	(21)	7,564,085	7,098,160
Total Non-Current Liabilities		7,727,851	7,098,160
Total Liabilities		13,856,639	17,013,711
Equity			
Capital	(22)	1,000,000	1,000,000
Additional capital contributions		14,217,166	14,217,166
Statutory reserve	(23)	300,000	300,000
Retained earnings		35,965,372	20,775,259
Total Equity – Exhibit C		51,482,538	36,292,425
Total Liabilities and Equity		65,339,177	53,306,136

**The Accompanying Notes from (1) to (35) Constitute an Integral Part of
These Special Purpose Financial Statements**

Dar Al Balad Maintenance and Operation Company
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Special Purpose Statement of Comprehensive Income
For the Year Ended 31 December 2022

Exhibit B

	Note	31 December 2022 (Restated) SR.	31 December 2021 (Restated) SR.
Revenue	(24)	157,880,908	147,287,035
Cost of revenue	(25)	(126,625,078)	(121,910,624)
Gross Profit		31,255,830	25,376,411
Selling, general and administrative expenses	(26)	(7,941,944)	(5,643,168)
Operating Profit		23,313,886	19,733,243
Other income		1,871,072	2,604,341
(Losses) on investment	(27)	(54,325)	--
Finance costs	(28)	(506,175)	(230,089)
Other expenses		--	(4,338)
Profit for the year before estimated Zakat		24,624,458	22,103,157
Estimated Zakat	(20/a)	(1,362,765)	(881,734)
Profit for the Year – Exhibit C		23,261,693	21,221,423
Other Comprehensive Income			
Items that will not be subsequently reclassified to profit or (loss):			
(Losses)/gains on remeasurement of long-term employee benefits obligations	(21)	(71,580)	1,332,750
Total Other Comprehensive (loss)/Gain for the year		(71,580)	1,332,750
Total Comprehensive Income for the Year		23,190,113	22,554,173

The Accompanying Notes from (1) to (35) Constitute an Integral Part of
These Special Purpose Financial Statements

**Dar Al Balad Maintenance and Operation Company
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Special Purpose Statement of Changes in Equity
For the Year Ended 31 December 2022**

Exhibit C

	Share Capital		Additional capital contributions		Statutory Reserve		Retained Earnings		Total	
	SR.		SR.		SR.		SR.		SR.	
Balance at 1 January 2021 (Restated)	1,000,000		14,217,166		288,197		1,762,888		17,268,251	
Dividends distributed*	--		--		--		(3,529,999)		(3,529,999)	
Transfer to statutory reserve	--		--		11,803		(11,803)		--	
Profit for the year 2021	--		--		--		21,221,423		21,221,423	
Other comprehensive income for the year	--		--		--		1,332,750		1,332,750	
Total comprehensive Income for the year – Exhibit B	--		--		--		22,554,173		22,554,173	
Equity as of 31 December 2021 – Exhibit A (Restated)	1,000,000		14,217,166		300,000		20,775,259		36,292,425	
Dividends distributed*	--		--		--		(8,000,000)		(8,000,000)	
Profit for the year 2022	--		--		--		23,261,693		23,261,693	
Other comprehensive (loss) for the year	--		--		--		(71,580)		(71,580)	
Total comprehensive Income for the year – Exhibit B	--		--		--		23,190,113		23,190,113	
Equity as of 31 December 2022 – Exhibit A (Restated)	1,000,000		14,217,166		300,000		35,965,372		51,482,538	

The Accompanying Notes from (1) to (35) Constitute an Integral Part of
These Special Purpose Financial Statements

* On 31 December 2022, the owner approved dividend distributions amounting to SR. 8,000,000 (2021: Dividends amounting to SR. 3,529,999 were distributed to the owner).

Dar Al Balad Maintenance and Operation Company
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Special Purpose Statement of Cash Flows
For the Year Ended 31 December 2022

Exhibit D

	31 December 2022 (Restated) SR.	31 December 2021 (Restated) SR.
Cash Flows from Operating Activities		
Profit for the year	23,261,693	21,221,423
Adjustments for Non-Cash Items		
Depreciation of property, plant, and equipment	86,216	68,764
Amortization of intangible assets	173	21,124
Allocated to expenses from employee benefits obligations	1,723,840	1,638,387
Amortization of right-of-use asset	200,125	--
Allocated to expenses from provision for impairment of accounts receivable	1,674,574	233,689
Allocated to expenses from estimated Zakat provision	1,362,765	--
Finance cost	172,123	--
	<u>28,481,509</u>	<u>23,183,387</u>
Changes in Operating Assets and Liabilities		
Trade receivables	(6,427,662)	(4,516,961)
Other receivables	357,980	(6,500,254)
Due from related parties	(186,165)	(751,741)
Unbilled revenue	1,146,880	--
Due to related parties	1,520,349	289,204
Trade payables	42,046	23,166
Other payables	917,800	332,863
	<u>25,852,737</u>	<u>11,759,664</u>
Cash Flows from Operations		
Reversal of expected credit loss provision	--	(41,395)
Employee benefit obligations-paid	(1,487,500)	(610,256)
Zakat-paid	(880,364)	(198,114)
	<u>(2,367,864)</u>	<u>(849,765)</u>
Net Cash from Operating Activities	<u>23,484,873</u>	<u>10,909,898</u>
Cash Flows from Investing Activities		
Additions to investments at fair value through profit or loss	(873,296)	--
Additions to property, plant, and equipment	(127,793)	(345,992)
	<u>(1,001,089)</u>	<u>(345,992)</u>
Net Cash (Used in) Investing Activities	<u>(1,001,089)</u>	<u>(345,992)</u>
Cash Flows from Financing Activities		
Dividends distributions	(8,000,000)	(3,529,999)
Net movement in short-term loans	(5,000,000)	5,000,000
Net movement in amounts due to related parties	(9,700,000)	(8,850,030)
Finance lease payments	(249,900)	--
	<u>(22,949,900)</u>	<u>(7,380,029)</u>
Net Cash (Used in) Financing Activities	<u>(22,949,900)</u>	<u>(7,380,029)</u>
Net (Decrease)/Increase in Cash and Cash Equivalents	<u>(466,116)</u>	<u>3,183,878</u>
Cash and cash equivalents at beginning of year	11,361,832	8,177,954
Cash and Cash Equivalents at End of Year	<u>10,895,716</u>	<u>11,361,832</u>

**The Accompanying Notes from (1) to (35) Constitute an Integral Part of
These Special Purpose Financial Statements**

Dar Al Balad Maintenance and Operation Company
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Notes to the Special Purpose Financial Statements
For the Year Ended 31 December 2022

1- Formation and Nature of Business:

- a) **Dar Al Balad Maintenance and Operation Company – (A Single-Person Company) – A Limited Liability Company** (hereinafter referred to as the “Company”) was established in Riyadh under Commercial Registration No. 1010168374 issued on 09/11/1442 H. valid until 09/11/1540 H. and to practice the company’s activity in operation and maintenance of buildings, installation and extension of computer wired/wireless communications networks, maintenance and operation of electrical and electronic facilities and computers, installing and maintenance of machines and equipment, and computer and telephony operation.
The special-purpose financial statements include the assets, liabilities, and results of operating the company and the following branches:

Branch Name	Commercial Registration No.	Registration Date	Issued In
Dar Al Balad for Communications & IT Co.	4030263432	14/3/1435H	Jeddah
Durar Al Balad for Contracting Co.	1010355941	12/1/1434H	Riyadh
Da'irat Al Balad for Trading Co.	1010218342	18/3/1427H	Riyadh

The special purpose financial statements represent the assets, liabilities, and results of operations of the commercial registers mentioned above only.

- b) On 30 May 2024, the company’s name was changed from Dar Al Balad Maintenance and Operation Company - (A Single-Person Company) - A Limited Liability Company to Dar Al-Balad for Business Solutions - (A Single-Person Company) – A Limited Liability Company.
- c) **The company’s registered address is as follows:**
Riyadh – Al Olaya District
Po.Box. 285121, Riyadh: 12212
Kingdom of Saudi Arabia

2- Basis for Preparation:

Statement of Compliance with IFRS:

These accompanying special-purpose financial statements for the year ended 31 December 2022, with comparative figures, have been prepared in accordance with (IFRS) and interpretations issued by the IFRS Interpretations Committee under the International Accounting Standards Board (IASB) and adopted in the Kingdom of Saudi Arabia, as well as other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA) (hereinafter referred to as “IFRS adopted in the Kingdom of Saudi Arabia”).

The company's financial statements for the year ended 31 December 2023 are the first annual financial statements prepared in accordance with the IFRS standards adopted in the Kingdom of Saudi Arabia, as it had previously applied the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs). Accordingly, these special-purpose financial statements for 2022 have been prepared after reflecting the transition adjustments as part of the requirements for completing the company's share offering with the Capital Market Authority (CMA).

The company's management had previously prepared its financial statements for the year ended 31 December 2022 in accordance with IFRS for SMEs which were filed with the Ministry of Commerce and the Zakat, Tax and Customs Authority (ZATCA) the impact of adopting IFRS is disclosed in Note (7).

Dar Al Balad Maintenance and Operation Company
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Notes to the Special Purpose Financial Statements
For the Year Ended 31 December 2022

Basis of Presentation and Measurement:

These special purpose financial statements were prepared on the historical cost basis and using the accrual basis, except for the employee obligations, which were measured at the present value of future obligations, and investments measured at fair value through profit or loss.

Functional Currency, Presentation Currency, and Foreign Currency Conversion:

The special purpose financial statements are presented in Saudi Riyal, which is the company's functional currency.

Transactions in foreign currencies are initially recorded at the functional currency spot rates at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates at the date of the special purpose financial statements. Differences arising from the settlement or translation of monetary items are recognized in profit or loss.

Fair Value Measurement:

Fair value is the price received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of an asset or liability is measured assuming that market participants will benefit when pricing the assets and liabilities and will act in their best economic interests.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses the appropriate valuation methods suitable to the circumstances, for which sufficient data are available to measure fair value, maximizing the use of observable inputs and minimizing the use of non-observable inputs.

All assets and liabilities measured at fair value or disclosed in special purpose financial statements are classified within the fair value hierarchy levels and based on the lowest level input that are significant to measuring fair value as a whole:

- Level 1: Quoted prices in an active market for identical assets or liabilities.
- Level 2: Valuation techniques from which the lowest level inputs that are significant to measuring fair value are observable, either directly or indirectly.
- Level 3: Valuation techniques for which the lowest level inputs that are significant to measuring fair value are unobservable.

For fair value disclosure purposes, the Company categorizes assets and liabilities based on their nature, characteristics, and risks, and assigns them to the appropriate level of the fair value hierarchy.

3- Major Accounting Estimates, Assumptions and Judgments:

The preparation of these special purpose financial statements in accordance with International Financial Reporting Standards requires the use of estimates, judgments, and assumptions that may affect the amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, as well as the amounts of revenues and expenses recorded during the related period. Although these estimates are based on the best information available to management regarding current events and circumstances, the final results may differ from these estimates.

Dar Al Balad Maintenance and Operation Company
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Notes to the Special Purpose Financial Statements
For the Year Ended 31 December 2022

Estimates and assumptions reviewed on an ongoing basis, and the effect of changes in accounting estimates is recognized in the period in which the change occurs and in future periods affected by it. The following are the key assumptions concerning the future and the primary sources of estimation uncertainty at reporting date that have a significant risk of causing material adjustments in the future.

Employee End-of-Service Benefits:

The company's end-of-service benefits program is classified as a defined benefit plan. This program is unfunded, and the obligation recognized in the statement of financial position related to the defined benefit end-of-service program is measured at the present value of the defined benefit obligation at the end of the reporting period.

The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. Actuarial gains and losses arising from actuarial assumptions are recognized in other comprehensive income in the period in which they arise. Past service costs, current service costs, and net interest are recognized immediately in the statement of profit or loss.

Estimated Useful Lives of Property, Plant, and Equipment:

The cost of intangible assets and property, plant, and equipment is depreciated on a systematic basis over their estimated useful lives. Management reviews the useful lives and the depreciation method annually to ensure they reflect the expected pattern of consumption of the assets' economic benefits. The determination of useful lives is based on several factors, including:

- The expected usage of the asset.
- The expected physical wear and tear, which depends on operational and environmental conditions.
- Legal or similar restrictions on the use of the assets.

Management has not assigned a residual value to these assets due to their immateriality.

Impairment of Accounts Receivable:

The company's management periodically reviews accounts receivable to assess whether impairment losses should be recognized in the statement of profit or loss. Management estimates the required allowance based the expected future cash flows and their timing, taking into account the aging profile of receivables and other factors that involve varying degrees of judgment and uncertainty.

Management estimates the recoverable amounts of significant accounts receivable on an individual basis. For individually immaterial balances that are long overdue, a collective assessment is performed, and an allowance is calculated based on the length of time past due and historical collection experience.

Estimated Zakat:

Zakat charges on ordinary activities represent the total zakat expense for the period. The calculation of zakat necessarily involves a degree of estimation, as certain items cannot be definitively determined until an agreement is reached with the Zakat, Tax and Customs Authority or until relevant legal rulings are finalized. The final settlement of some of these items may result (adjustments that affect) profits, losses, or cash flows.

Dar Al Balad Maintenance and Operation Company
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Notes to the Special Purpose Financial Statements
For the Year Ended 31 December 2022

Provisions:

Provisions, by their nature, involve the use of estimates and judgments to determine whether recognition criteria are met, including estimating the probable payable amounts. Provisions for legal claims are based on estimated costs, taking into account legal advice and other information available at the reporting date. Provisions for end-of-service benefits and exit costs, if applicable, involve management's judgment in estimating expected cash outflows. Provisions for uncertain liabilities reflect management's best estimates of probable cash outflows.

Fair Value Measurement:

Fair value represents 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 under current market conditions, whether that price is directly observable or determined by using another valuation technique. Fair value measurement is based on the assumption that the transaction to sell the asset or transfer the liability occurs either:

- In the principal market for the asset or liability; or
- In the most advantageous market for the asset or liability in the absence of a principal market.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their best economic interest.

Unbilled Revenue:

The use of the percentage-of-completion method for recognizing contract revenue requires additional estimates of revenues, costs, profits, and amounts to be recognized in each accounting period. These estimates may be revised throughout the contract term and are reviewed regularly based on customer change orders.

4- Material Accounting Policy Information:

The material accounting policies applied by the Company in preparing these financial statements have been applied consistently, as follows:

Current and Non-Current Classification of Assets and Liabilities:

The Company presents its assets and liabilities in the statement of financial position as "current / non-current". Assets shall be deemed current:

- When they are expected to be realized, sold or consumed in the normal operating cycle;
- When they are expected to be realized within twelve months after the reporting period, or
- When they are cash or cash equivalents, unless restricted from being used to settle a liability for at least twelve months after the reporting period

All other assets shall be classified as non-current.

Liabilities are classified as current when they are due to be settled within twelve months after the reporting period.

The Company classifies all other liabilities as non-current liabilities.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Property, Plant and Equipment:

Items of property, plant and equipment are carried in the statement of financial position at cost less accumulated depreciation and any impairment losses.

Depreciation is charged on a straight-line basis over the estimated useful lives of the assets, except for land, which is not depreciated. Depreciation is calculated to allocate the cost of each asset, less its residual value, over its useful life using the following annual rates:

Asset	Depreciation Rate
Leasehold improvement	Shorter of lease term or useful life
Motor vehicles	25%
Office equipment	25%
Furniture and fixtures	10%

Dar Al Balad Maintenance and Operation Company
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Notes to the Special Purpose Financial Statements
For the Year Ended 31 December 2022

At each statement of financial position date, an assessment is made to determine whether there are any indicators of impairment for non-current assets. If such indicators exist, the recoverable amount of the asset is estimated to determine the extent of any impairment loss. In cases where the recoverable amount of the individual asset cannot be estimated, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the estimated recoverable amount of an asset or cash-generating unit is less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. The impairment loss is recognized as an expense in the income statement in the financial year in which it occurs. If, in a subsequent period, an impairment loss recognized previously is reversed, the carrying amount of the asset or cash-generating unit is increased to its revised recoverable amount, provided that this increased carrying amount does not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized in prior years. The reversal of an impairment loss is recognized as income in the income statement in the financial period in which it occurs.

Right-of-Use Assets and Lease Liabilities:

The Company recognizes right-of-use assets and corresponding lease liabilities for its operating leases. Each lease payment is allocated between the lease liability and the finance cost. The finance cost is charged to profit or loss over the lease term to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life or the lease term on a straight-line basis.

The initial measurement of assets and liabilities arising from a lease is based on their present value.

The right-of-use asset is measured at cost, which comprises the following:

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

The lease liability comprises the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable.
- Variable lease payments that depend on an index or rate.
- Amounts expected to be paid by the lessee under residual value guarantees.

The exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease if the lease term reflects the lessee exercising that option. Lease payments are discounted using the incremental borrowing rate, which represents the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. 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 comprehensive income.

Short-term leases are leases with a lease term of 12 months or less.

Lease terms are renegotiated on an individual basis and include a wide range of different terms and conditions. Lease agreements do not impose any covenants, but leased assets are not used as security for borrowing purposes.

Related Parties:

The Company identifies related parties in accordance with IAS 24, "Related Party Disclosures." Transactions with related parties involve the transfer of resources, services, or obligations between the Company and related parties, regardless of whether a price is charged. The terms and conditions of these transactions are approved by the Company's management.

Dar Al Balad Maintenance and Operation Company
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Notes to the Special Purpose Financial Statements
For the Year Ended 31 December 2022

Revenue Recognition:

In accordance with International Financial Reporting Standard (IFRS) 15, the terms “contract assets” and “contract liabilities” are used to describe what was previously referred to as accrued revenue and deferred revenue. Revenue is measured based on the consideration specified in a contract with a customer, excluding amounts collected on behalf of third parties. The Company recognizes revenue when control of a good or service is transferred to the customer. The principles of IFRS 15 are applied using the following five-step model:

Step 1: Identify the Contract

A contract is identified when the following conditions are met:

- The contract is approved and all parties are committed to it.
- The rights of each party are identified.
- Payment terms are specified.
- The contract has commercial substance.
- It is probable that the consideration will be collected.

Step 2: Identify Performance Obligations

All goods or services agreed upon in the contract are identified, and a determination is made as to whether each agreed-upon good or service constitutes a separate performance obligation. A good or service is considered distinct and separated from other obligations in the contract if:

- The customer can benefit from the good or service either on its own or together with other readily available resources.
- The good or service is separately identifiable from other goods or services in the contract.

Step 3: Determine the Transaction Price

The transaction price is the amount the Company expects to be entitled to in exchange for transferring the agreed-upon goods or services to the customer.

Step 4: Allocate the Transaction Price

The transaction price is allocated to each performance obligation based on the standalone selling price of the goods or services provided to the customer.

Step 5: Recognize Revenue

Revenue is recognized when the customer obtains control of the good or when the service is performed.

Expenses:

Expenses incurred by the Company consist of cost of sales and general and administrative expenses. Expenses related to the Company's revenue-generating efforts are classified as cost of sales, while those related to administration and not directly tied to sales are classified as general and administrative expenses. Common expenses, if necessary, are allocated between cost of sales and general and administrative expenses on a consistent basis. The accrual basis is applied to charge general and administrative expenses to the financial period.

Zakat Provision:

Zakat is calculated and recognized in profit or loss for each financial period in accordance with Zakat, Tax, and Customs Authority (ZATCA) regulations. The zakat provision is adjusted upon receipt of the final zakat assessment, with differences recognized in profit or loss in the period the final assessment is received.

Dar Al Balad Maintenance and Operation Company
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Notes to the Special Purpose Financial Statements
For the Year Ended 31 December 2022

Value-Added Tax (VAT):

The value-added tax receivables represent the difference between the total VAT on eligible sales (output tax) and the total VAT on eligible purchases and expenses paid (input tax). A settlement is then made between them, and the resulting balance is remitted (paid) to the Zakat, Tax, and Customs Authority.

Borrowing Costs:

The Company recognizes all borrowing costs as expenses in profit or loss in the period in which they are incurred.

Provisions and Contingent Items:

Provisions are recognized when the Company has a present legal or constructive obligation arising from past events, it is probable that an outflow of economic resources will be required to settle the obligation, and the amount can be reliably estimated. If the Company expects reimbursement for some or all of a provision, the reimbursement is recognized as a separate asset only when virtually certain. Expenses related to provisions are presented in profit or loss, net of any reimbursements. If the time value of money is material, provisions are discounted using a current pre-tax rate reflecting specific risks to the obligation, with increases due to the passage of time recognized as finance costs. Provisions for future operating losses and contingent assets and liabilities are not recognized.

Dividends:

Dividends distributed to the Company's shareholders are recognized as liabilities in the special purpose financial statements in the period in which they are approved by the shareholders.

Financial instruments at fair value through profit or loss:

Financial assets at fair value through profit or loss include financial assets at cost for trading, financial assets designated at fair value through profit or loss upon initial recognition, and financial assets that are mandatorily measured at fair value. Financial assets are classified as "held for trading" if they are acquired for the purpose of selling or repurchasing in the near future. Financial assets at fair value through profit or loss are recorded in the statement of financial position at fair value, and net changes in fair value are recognized in the statement of profit or loss. Financial assets at fair value through profit or loss consist of short-term investments in a discretionary portfolio managed by the Company, acquired primarily for the purpose of selling and repurchasing in the near term.

For securities traded in organized markets, the fair value is determined by reference to the quoted market price (bid price) at the close of business on the financial reporting date.

For securities that do not have a quoted market price, a reasonable estimate of fair value is made by reference to the net asset value (NAV) of the underlying funds, which reflects the fair value of the financial instruments.

Financial Instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity or financial liabilities or equity instrument of another entity.

Financial Assets:

Financial assets include:

- Cash.
- A contractual right to receive a financial asset from another entity (receivables)
- A contractual right to exchange financial instruments with another entity under favorable conditions of entity.
- A non-derivative contract where the entity is or may be required to receive a variable number of entity's own equity instruments.

Dar Al Balad Maintenance and Operation Company
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Notes to the Special Purpose Financial Statements
For the Year Ended 31 December 2022

Classification and Initial Recognition:

An entity classifies its financial assets in the following measurement categories:

- Financial assets that are subsequently measured at fair value (either through statement of income (FVSI) or other comprehensive income (FVTOCI))
- Financial assets measured at amortized cost.

Classification is based on the business model used in the entity for managing financial assets and contractual terms of cash flows.

For assets measured at fair value, gains or losses are recognized either in the statement of income or other comprehensive income. For investment in debt instruments, it depends on the business model of this investment. For investment in equity instruments, it depends on whether the entity has made an irrevocable choice at the time of initial recognition of equity instruments at FVTOCI. The entity reclassifies debt instruments only when its business model changes to manage those assets.

At initial recognition, an entity measures its financial assets (not classified as fair value through statement of income) at fair value plus transaction costs directly attributable to the acquisition of financial assets. In the case of financial assets classified as at FVSI, transaction costs are recognized in the statement of income.

Subsequent Measurement of Financial Assets:

Equity Instruments:

- All equity investments are to be measured at fair value and if the entity's management decides to present fair value gains or losses on equity investments within other comprehensive income, then gain (losses) on fair values cannot be reclassified subsequently in the statement of income. Dividend from the investment is recognized as income when the entity's right to receive payments are established.
- Impairment losses and reversal of impairment losses on equity investments measured at FVTOCI are not treated separately from other changes in fair value.
- Changes in the fair value of financial assets at (FVTPL) are recognized in other income in the statement of income as appropriate.

Debt Instruments:

Subsequent measurement for debt instruments is based on the entity's business model for asset management and cash flow characteristics of assets. There are three measurement categories and the entity classifies debt instruments by:

- **Amortized cost:**
Financial assets held for contractual cash flows represent the original investment and related interest thereon and are measured at amortized cost. Gains or losses on debt instruments at amortized cost that are not part of a hedging relationship are recognized in profit or loss when it is derecognized or impaired.
Interest income from financial assets is recognized using the effective interest rate method.
- **Fair value through other comprehensive income (FVOCI):**
Financial assets held for contractual cash flows and for sale, where cash flows represent the investment asset and interest thereon and are measured at FVOCI.
Changes in fair value are recognized through other comprehensive income except for the recognition of gains or losses relating to impairment, interest income and foreign exchange gains / losses in the statement of income. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is transferred from equity to income statement, recognized as other gains or losses and interest income from financial assets and treated as financial interest using the effective interest rate method.
- **Fair value through statement of income (FVSI):**
Assets that do not meet amortized cost or FVOCI are measured at fair value through statement of income. Gains or losses arising from subsequent measurement of investment in debt instruments are recognized at fair value through statement of income that is not part of a hedging relationship within the statement of income. They are recognized as net gains or losses in the period in which they arise. Interest income from these financial assets is recognized as financial interest.

Dar Al Balad Maintenance and Operation Company
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Notes to the Special Purpose Financial Statements
For the Year Ended 31 December 2022

Effective Interest Method:

The effective interest method is a method for calculating the amortized cost of a debt instrument and allocating interest revenue over the relevant period. The effective interest rate is the rate that discounts future cash payments received through the life expectancy of the debt instrument or, if appropriate, in the shorter period to carrying amount at initial recognition.

Impairment in Value:

- The entity assesses expected future credit losses for financial assets at amortized cost and FVOCI. The impairment methodology applied depends on whether there is a significant increase in credit risk.
- For trade receivables only, the entity applies the “simplified approach” permitted by IFRS 9, which requires the recognition of lifetime expected losses in initial recognition of receivables.

Financial Liabilities:

Financial liabilities include:

- A contractual obligation to deliver cash or another financial asset to another entity.
- A contractual obligation to exchange financial instruments with another entity under conditions that are potentially unfavorable to the entity.
- A non-derivative contract where the entity is obliged to provide a variable number of entity's own equity instruments.

Initial Recognition:

Financial liabilities are recognized initially at fair value. The financial liabilities of the entity include trade payables, other payables and long-term loans from the government at a lower market rate.

Subsequent Measurement:

The entity classifies all financial liabilities after initial recognition at amortized cost.

Offsetting Financial Instruments:

Financial assets and liabilities shall be offset and the net amount presented in the statement of financial position only when there is a current enforceable right to settle the amounts recognized and when there is an intention to settle on a net basis or to liquidate assets and settle liabilities simultaneously.

Disposal of Financial Assets and Liabilities:

- An entity derecognizes a financial asset only when the contractual rights to cash flows from the asset expire or when it transfers the financial asset and all the risks and rewards of ownership thereof to another party. If an entity neither transfers nor retains all risks and rewards of ownership and continues to control the asset, the entity recognizes its share held in the asset and the liability for the amounts it may pay. If an entity retains substantially all risks and rewards of ownership of the financial asset, the entity continues to recognize the financial asset and recognize the associated liability.
- On derecognition of a financial asset measured at amortized cost, the difference between the carrying amount of the asset and the amount of the consideration received and receivable is recognized in the statement of income. In addition, upon derecognition of an investment in a debt instrument classified as FVOCI, the cumulative gain or loss previously recognized in the revaluation reserve is reclassified to profit or loss. Upon derecognition of an investment in equity instruments that the Company has chosen to recognize initially by measuring at (FVOCI), the cumulative gain or loss recognized in the investment revaluation reserve is not classified as profit or loss, but are converted to retained earnings.
- Financial liabilities are derecognized only when the liabilities are discharged, cancelled, expired or invalidated. The difference between the carrying amounts of the financial liabilities and the amounts paid and required, including any non-monetary assets transferred or liabilities recognized in the statement of income, is recognized.

**Dar Al Balad Maintenance and Operation Company
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Notes to the Special Purpose Financial Statements
For the Year Ended 31 December 2022**

Post-Employment Benefits:

Defined-Contribution Plan:

The Company contributes to the pension and social insurance of its employees in accordance with the Saudi Labor Law. The Company recognizes its share of fixed contributions to the General Organization for Social Insurance (GOSI) each month as expenses. The Company has no legal or constructive obligation to pay any additional contributions, and its sole obligation is to pay the contributions when they become due.

End of Service Benefit Provision:

These benefits represent an end-of-service reward program for employees. The amounts payable are calculated under the Saudi Labor Law to compensate employees for their accumulated service periods. The Company's net obligations regarding unfunded defined benefit plans for employees ("the obligations") are calculated by estimating the future benefit amounts employees will receive for their services in the current and prior periods, with the benefits being discounted to determine their present value, along with any unrecorded past service costs.

The discount rate used equals the market return on government bonds at the financial statements date that have maturity dates approximating the terms of the Company's obligations. The cost of providing benefits under unfunded defined benefit plans for employees is determined using the Projected Unit Credit Method to calculate the present value of the Company's obligations.

The obligations under unfunded defined benefit plans consist of the present value of the obligations adjusted for any costs related to past services not yet recognized and any unrecognized actuarial gains/losses. Currently, there are no past service costs.

There are no unrecognized remeasurement gains or losses, as all remeasurement gains or losses have been recognized as income or expenses in the other comprehensive income statement during the period in which they arose.

Provisions:

Provisions are recognized when the Company has a liability (legal or constructive) arising from a past event and there is a possibility that costs to settle the obligation will arise which can be reliably measured. When the Company expects to receive compensation for some or all of the provision- for example, under an insurance contract - compensation is recognized as an independent asset but only in the event that the compensation is actually confirmed. Expenses relating to the provision are presented in the statement of profit or loss, net of any compensation.

Dar Al Balad Maintenance and Operation Company
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Notes to the Special Purpose Financial Statements
For the Year Ended 31 December 2022

5- New and Revised IFRSs and Interpretations issued that became effective:

The company has adopted all the applicable new and revised international Financial Reporting Standards and interpretations that are relevant to its operations and effective for the periods beginning on or after 1 January 2023. These amendment had no impact on the financial statement of the Company.

Standard or Interpretation No.	Effective date
International Financial Reporting Standard No. (17) Insurance Contracts	January 1, 2023
Disclosure of accounting policies Amendments to International Accounting Standard No. (1) and Statement of Practice No. (2)	January 1, 2023
Definition of accounting estimates Amendments to International Accounting Standard No. (8)	January 1, 2023
Deferred taxes related to assets and liabilities arising from a single transaction Amendments to International Accounting Standard No. (12) Income Taxes.	January 1, 2023
Initial application of IFRS 17 and IFRS 9 - Comparative Figures (Amendment to IFRS 17)	January 1, 2023
Amendments to International Accounting Standard (12) Tax reform at the international level - the rules of the second pillar model	January 1, 2023

6- New and Revised IFRSs and Interpretations that are not effective yet:

The Company did not adopt any of the following new amended standards that were issued but not yet effective:

IFRS or Interpretation	Effective Date
Amendments to International Accounting Standard No. (1) Classification of liabilities as current and non-current; and non-current liabilities with covenants.	January 1, 2024
Amendments to International Financial Reporting Standard (16) Lease Commitment for Sale and Leaseback	January 1, 2024
Amendments to International Accounting Standard (7) and International Financial Reporting Standard (7) Supplier finance arrangements.	January 1, 2024
Amendments to International Financial Reporting Standard No. (10) and International Accounting Standard No. (28) Sale or Contribution to Assets between investors and an associate or joint venture	Effective date postponed indefinitely.
IFRS (S1) - General requirements for the disclosure of sustainability-related financial information, and IFRS (S2) - Climate-related disclosures.	January 1, 2024 (The application depends on the regulatory authorities adopting the two standards)
Amendments to International Accounting Standard (21) Lack of Exchangeability	January 1, 2025

The Company's management does not expect the application of these standards to have a material impact on the special-purpose financial statements in future periods.

Dar Al Balad Maintenance and Operation Company
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Notes to the Special Purpose Financial Statements
For the Year Ended 31 December 2022

7- Implementation of International Financial Reporting Standards for the first time:

- a) The company's financial statements for the year ended 31 December 2023 are the first annual financial statements in which the company is committed to applying International Financial Reporting Standards. It used to apply the International Financial Reporting Standard for Small and Medium-sized Enterprises. These special-purpose financial statements for the year 2022 were prepared in accordance with the policies set out in Note No. (4), including International Financial Reporting Standard No. (1). Standard No. 1 requires entities to adopt International Financial Reporting Standards in their first annual financial statements prepared in accordance with international standards by providing an explicit and unrestricted statement of compliance with International Financial Reporting Standards. IFRS 1 also requires comparative financial information. As a result, the first date on which the company implemented international standards is 01/01/2022. Standard No. 1 requires retrospective application of all IFRSs effective on the financial reporting date of 31 December 2023. The management of Dar Al Balad Maintenance and Operation Company prepared the attached special-purpose financial statements as part of the requirements for completing the company's share offering in the market with the Capital Market Authority. Meanwhile, the company's management had previously prepared the financial statements for the year ended 31 December 2022 in accordance with the International Financial Reporting Standard for Small and Medium-sized Enterprises.
- b) Reconciliations to the statement of financial position in accordance with International Financial Reporting Standards as of 01 January 2022:

	Balances as per IFRS for SMEs	Impact of Transition	Reclassification	Adjustment Impact	Balances as per IFRS
Assets	SR.	SR.	SR.	SR.	SR.
Current Assets					
Cash and cash equivalents	11,777,379	--	(415,547)	--	11,361,832
Trade receivables	20,315,657	(231,853)	--	--	20,083,804
Other debit balances	8,843,267	--	415,547	(6,839,080)	2,419,734
Unbilled revenue	--	--	--	6,839,080	6,839,080
Due from related parties	3,599,359	--	8,612,885	--	12,212,244
Total Current Assets	44,535,662	(231,853)	8,612,885	--	52,916,694
Non-Current Assets					
Property, plant, and equipment - net	389,269	--	--	--	389,269
Intangible assets	173	--	--	--	173
Due from related parties	8,850,030	--	(8,850,030)	--	--
Total Non-Current Assets	9,239,472	--	(8,850,030)	--	389,442
Total Assets	53,775,134	(231,853)	(237,145)	--	53,306,136
Liabilities and Equity					
Current Liabilities					
Short-term loans	5,000,000	--	--	--	5,000,000
Accounts payable	81,321	--	--	--	81,321
Other credit balances	3,453,866	--	--	--	3,453,866
Due to related parties	737,145	--	(237,145)	--	500,000
Estimated Zakat provision	880,364	--	--	--	880,364
Total Current Liabilities	10,152,696	--	(237,145)	--	9,915,551
Non-Current Liabilities					
Long-term employee benefit obligations	7,068,013	30,147	--	--	7,098,160
Total Non-Current Liabilities	7,068,013	30,147	--	--	7,098,160
Total Liabilities	17,220,709	30,147	(237,145)	--	17,013,711
Equity					
Capital	1,000,000	--	--	--	1,000,000
Statutory reserve	300,000	--	--	--	300,000
Additional capital contributions	14,217,166	--	--	--	14,217,166
Retained earnings	21,037,259	(262,000)	--	--	20,775,259
Total Equity	36,554,425	(262,000)	--	--	36,292,425
Total Liabilities and Equity	53,775,134	(231,853)	(237,145)	--	53,306,136

Dar Al Balad Maintenance and Operation Company
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Notes to the Special Purpose Financial Statements
For the Year Ended 31 December 2022

- c) Reconciliations to the statement of financial position in accordance with International Financial Reporting Standards as of 31 December 2022:

	Balances as per IFRS for SMEs	Impact of Transition	Reclassification	Adjustment Impact	Balances as per IFRS
Assets					
Current Assets	SR.	SR.	SR.	SR.	SR.
Cash and cash equivalents	10,920,529	--	(24,813)	--	10,895,716
Trade receivables	26,743,319	(1,906,427)	--	--	24,836,892
Other receivables	7,749,648	(20,507)	24,813	(5,692,200)	2,061,754
Unbilled revenue	--	--	--	5,692,200	5,692,200
Due from related parties	3,785,524	--	16,292,536	--	20,078,060
Investments at fair value through profit or loss	873,296	--	--	--	873,296
Total Current Assets	50,072,316	(1,926,934)	16,292,536	--	64,437,918
Non-Current Assets					
Property, plant, and equipment - net	430,846	--	--	--	430,846
Right-of-use asset	--	470,413	--	--	470,413
Due from related parties	18,550,030	--	(18,550,030)	--	-
Total Non-Current Assets	18,980,876	470,413	(18,550,030)	--	901,259
Total Assets	69,053,192	(1,456,521)	(2,257,494)	--	65,339,177
Liabilities and Equity					
Current Liabilities					
Trade payables	123,367	--	--	--	123,367
Due to related parties	2,257,494	--	(2,257,494)	--	--
Other payables	4,371,666	--	--	--	4,371,666
Lease liabilities – current portion	--	270,990	--	--	270,990
Estimated zakat provision	1,362,765	--	--	--	1,362,765
Total Current Liabilities	8,115,292	270,990	(2,257,494)	--	6,128,788
Non-Current Liabilities					
Lease liabilities – non-current portion	--	163,766	--	--	163,766
Long-term employee benefit obligations	6,543,912	1,020,173	--	--	7,564,085
Total Non-Current Liabilities	6,543,912	1,183,939	--	--	7,727,851
Total Liabilities	14,659,204	1,454,929	(2,257,494)	--	13,856,639
Equity					
Capital	1,000,000	--	--	--	1,000,000
Statutory reserve	300,000	--	--	--	300,000
Additional capital contributions	14,217,166	--	--	--	14,217,166
Retained earnings	38,876,822	(2,911,450)	--	--	35,965,372
Total Equity	54,393,988	(2,911,450)	--	--	51,482,538
Total Liabilities and Equity	69,053,192	(1,456,521)	(2,257,494)	--	65,339,177

Dar Al Balad Maintenance and Operation Company
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Notes to the Special Purpose Financial Statements
For the Year Ended 31 December 2022

- d) Reconciliations to the statement of comprehensive income in accordance with International Financial Reporting Standards for the year ended 31 December 2022.

	Balances as per IFRS for SMEs	Impact of Transition	Reclassification	Adjustment Impact	Balances as per IFRS
	SR.	SR.	SR.	SR.	SR.
Revenue	159,027,788	--	--	(1,146,880)	157,880,908
Cost of revenue	(131,169,904)	(760,441)	4,158,387	1,146,880	(126,625,078)
Gross Profit	27,857,884	(760,441)	4,158,387	--	31,255,830
General and administrative expenses	(2,137,893)	(1,645,306)	(4,158,387)	--	(7,941,586)
Operating Profit	25,719,991	(2,405,747)	--	--	23,314,244
Other income	1,871,072	--	--	--	1,871,072
Investment income	(54,325)	--	--	--	(54,325)
Finance costs	(334,052)	(172,123)	--	--	(506,175)
Other Expenses	(358)	--	--	--	(358)
Profit for the year before estimated Zakat	27,202,328	(2,577,870)	--	--	24,624,458
Estimated Zakat expenses	(1,362,765)	--	--	--	(1,362,765)
Profit for the Year	25,839,563	(2,577,870)	--	--	23,261,693
Other Comprehensive Income					
Items that will not be reclassified subsequently to profit or loss:					
Gains (losses) on remeasurement of long-term employee benefit obligations	--	(71,580)	--	--	(71,580)
Total other comprehensive income (loss)	--	(71,580)	--	--	(71,580)
Total comprehensive income for the year	25,839,563	(2,649,450)	--	--	23,190,113

- e) Adjustments:

1- Adjustments as of 01 January 2022.

- a) A provision for the impairment of accounts receivable was recognized in the amount of SR.231,853.
- b) Employee benefit obligations were increased based on the actuarial valuation in accordance with the requirements of International Accounting Standard (IAS) No. 19 by an amount of SR.30,147.
- c) Adjustments to the Impact of Transition on Equity as of 01 January 2022:

01 January 2022

	SR.
Equity before adjustments	36,554,425
Remeasurement of provision for expected credit losses	(231,853)
Remeasurement of long-term employee benefit obligations	(30,147)
Total adjustments to equity items as per IFRS	(262,000)
Equity after adjustments as of January 1, 2022	36,292,425

- d) Reconciliations to the financial position as of January 1, 2022

01 January 2022

	SR.
Transferred from cash and cash equivalents to other receivables (advances and custody)	(415,547)
Transferred to other receivables (advances and custody) from cash and cash equivalents	415,547
Transferred from due from related parties (long-term) to due from related parties (short-term)	(8,850,030)
Transferred to due from related parties (short-term) from due from related parties (long-term)	8,850,030
Transferred from due to related parties (long-term) to due to related parties (short-term)	(237,145)
Transferred to due to related parties (short-term) from due to related Parties (long-term)	237,145
	--

Dar Al Balad Maintenance and Operation Company
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Notes to the Special Purpose Financial Statements
For the Year Ended 31 December 2022

- e) During the year 2021, the company adjusted previously recognized deferred costs as project expenses amounting to SR.6,839,080. The company had not recognized the revenues due for those projects. Consequently, the deferred costs were reversed, and the corresponding revenues were recognized, resulting in an adjustment to the opening balance. This adjustment reduced the deferred costs and increased the accrued revenues by the same amount for the year 2021 in the statement of financial position.

2- Transition adjustments to the Financial Statements as of 31 December 2022:

- a) Right-of-use assets were recognized as of January 1, 2022, amounting to SR.670,538, recorded as an addition against the recognition of lease liabilities for the same amount.
b) A provision for the impairment of accounts receivable was recognized amounting to SR.1,906,427.
c) Depreciation of right-of-use assets for the year 2022 amounted to SR.200,125 resulting in the following:

	SR.
Balance as of January 1, 2022	--
Additions during the Year	670,538
Depreciation for 2022	(200,125)
Right-of-Use Assets – Net	470,413
Lease liabilities were reduced as follows:	
	SR.
Balance as of January 1, 2022	670,538
Payments During the Year	(235,782)
Lease Liabilities – Net	434,756

- d) Adjustments to Equity as of December 31, 2022
The following table summarizes the adjustments to equity items:

	31 December 2022
	SR.
Equity before adjustments	54,393,988
Remeasurement of provision for expected credit losses	(1,906,427)
Remeasurement of long-term employee benefit obligations	(1,020,173)
Adjustment of finance costs on bank loans and lease liabilities	(14,118)
Recognition of reduction in rent expense	229,393
Recognition of depreciation expense for right-of-use assets	(200,125)
Total Adjustments to Equity Items as per IFRS	(2,911,450)
Equity After Adjustments as of 31 December 2022	51,482,538

- e) Adjustments to the Statement of Comprehensive Income:
- 1- Increase in long-term employee benefit obligations by SR.760,441, with a corresponding recognition of interest expense on employee benefit obligations amounting to SR.158,005. Additionally, a provision for expected credit losses of SR. 1,674,574 was recognized.
 - 2- Depreciation of right-of-use assets of SR.200,125, a reduction in lease expense by SR.229,393, and recognition of interest expense on right-of-use assets amounting to SR.14,118.
 - 3- Actuarial (losses) from remeasurement of the long-term employee benefit obligations provision amounting to SR.71,580.
 - 4- Reduction in revenue due to the adjustment effect by SR.1,146,880, along with a corresponding reduction in cost of revenue due to the adjustment effect by SR.1,146,880.

Dar Al Balad Maintenance and Operation Company
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Notes to the Special Purpose Financial Statements
For the Year Ended 31 December 2022

f) Reclassification in the Statement of Financial Position as of 31 December 2022:

	31 December 2022
	SR.
Transferred from cash and cash equivalents to other receivables (advances and custody)	(24,813)
Transferred to other receivables (advances and custody) from cash and cash equivalents	24,813
Transferred from due from related parties (long-term) to due from related parties (short-term)	(18,550,030)
Transferred to due from related parties (short-term) from due from related parties (long-term)	18,550,030
Transferred from due to related parties (short-term) to due from related parties (short-term)	(2,257,494)
Transferred to due from related parties (short-term) from due to related parties (short-term)	2,257,494
	--

g) Reclassification for the Statement of Income as of December 31, 2022

	31 December 2022
	SR.
Transferred from general and administrative expenses to cost of revenue (external labor salaries)	(4,158,387)
Transferred to cost of revenue from general and administrative expenses (external labor salaries)	4,158,387
	--

- h) During the year 2022, the company adjusted previously recognized deferred costs as project expenses amounting to SR. 6,839,080. The company had not recognized the revenues due for those projects. Consequently, the deferred costs were reversed, and the corresponding revenues were recognized, resulting in an adjustment to the opening balance. This adjustment reduced the deferred costs and increased the due revenues by the same amount for the year 2022 in the statement of financial position.

8- Cash and Cash Equivalents:

The details of this item are as follows:

	31 December 2022	31 December 2021
	SR.	SR.
Current accounts with local banks in Saudi Riyal	10,895,716	11,361,832
Total – Exhibit A	10,895,716	11,361,832

9- Trade Receivables, Net:

- a) The details of this item are as follows:

	31 December 2022 (Restated)	31 December 2021 (Restated)
	SR.	SR.
Trade receivables	30,397,298	23,969,636
Allowance for impairment of receivables – Note (9/b)	(5,560,406)	(3,885,832)
Total – Exhibit A	24,836,892	20,083,804

Dar Al Balad Maintenance and Operation Company
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Notes to the Special Purpose Financial Statements
For the Year Ended 31 December 2022

- b) The movement in the provision for impairment of receivable is as follows:

	31 December 2022 (Restated)	31 December 2021 (Restated)
	SR.	SR.
Balance at the beginning of the year	3,885,832	3,693,538
Charge for the year	1,674,574	233,689
Utilized during the year	--	(41,395)
Balance at the end of the year – Note (9/a)	5,560,406	3,885,832

- c) The following is an aging analysis of trade receivables based on the Company's provision matrix as of 31 December:

Year	Total	0-90 Days	90-180 Days	180-270 Days	270-360 Days	Over 1 year
	SR.	SR.	SR.	SR.	SR.	SR.
2022	30,397,298	19,255,997	5,287,864	3,907,358	923,012	1,023,067
2021	23,969,636	14,573,064	3,798,921	3,538,903	1,272,540	786,208

10- Other Receivables:

The details of this item are as follows:

	31 December 2022	31 December 2021
	SR.	SR.
Prepaid expenses	1,701,043	1,620,838
Employee advances	294,058	767,257
Advance payments to suppliers	66,654	31,639
Total – Exhibit A	2,061,755	2,419,734

**Dar Al Balad Maintenance and Operation Company
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Notes to the Special Purpose Financial Statements
For the Year Ended 31 December 2022**

11- Related Parties:

a) Due from related parties – Short Term:

The company deals in its ordinary course of business with related parties which include entities related to company's owner. Transaction with related parties occurred at prices and payment conditions estimated and approved by the company's management are summarized below:

	Nature of Relationship	31 December 2022	31 December 2021
Dar Al-Balad Commercial Company	Owner	16,292,536	8,612,885
Diesel Equipment Company	Affiliated Company	24,969	42,557
Dar Al-Balad for Contracting and Operations	Affiliated Company	670,054	24,530
Dar Chem Group Company	Affiliated Company	164,859	116,257
Dar Chemicals Company	Affiliated Company	165,725	216,180
Direct Energy Company	Affiliated Company	78,777	178,228
Global Thermal Chemicals Company	Affiliated Company	59,034	145,934
Global Chemical Industries Company	Affiliated Company	335,083	249,957
Rafia Chemicals Company	Affiliated Company	554,210	235,207
Global Specialized Chemicals Company	Affiliated Company	307,561	1,557,432
Global Manufacturing Industries Company	Affiliated Company	755,892	535,971
Global Industrial Consulting Office	Affiliated Company	62,095	69,890
Dar Al-Arab Industrial Chemicals Company	Affiliated Company	--	189,382
Rafia Specialized Chemicals Company	Affiliated Company	8,928	29,083
Najm Investment Company	Affiliated Company	9,410	465
Abdullah bin Salama Real Estate Establishment	Affiliated Company	64,040	728
Fala Agricultural Company	Affiliated Company	523,627	6,299
Saudi Tunisian Electricity and Gas Company	Associate Company	1,259	1,259
Bassam bin Salama	Affiliated		
Total – Exhibit A		20,078,059	12,212,244

b) Due to a related party:

The company deals in its ordinary course of business with related parties which include entities related to company's owner. Transaction with related parties occurred at prices and payment conditions estimated and approved by the company's management are summarized below:

	Nature of Relationship	31 December 2022	31 December 2021
Dar Al-Balad for Contracting and Operations	Affiliated Company	--	--
Heirs of Ibrahim bin Salama	Affiliated Company	--	500,000
Total – Exhibit A		--	500,000

**Dar Al Balad Maintenance and Operation Company
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Notes to the Special Purpose Financial Statements
For the Year Ended 31 December 2022**

c) The major transaction with the related parties during the year are as follows:

Related Party	Nature of Relationship	Type of Transaction	Transaction Amount	Transaction Amount
			31 Dec 2022	31 Dec 2021
			SR.	SR.
Dar Al-Balad Commercial Company	Owner	Short-term loan financing from	12,400,000	8,180
		Payments	(2,700,000)	--
		Services provided	--	(1,484,616)
		Payments	--	1,086,846
Diesel Equipment Company	Affiliated Company	Dividend distributions	8,000,000	--
		Collections	--	(1,000,000)
		Services provided to	54,707	611,583
		Services provided from	(14,081)	--
		Consulting services and administrative expenses	52,092	14,945
		Payments	77,780	--
Dar Al-Balad for Contracting and Operations	Affiliated Company	Collections	(188,085)	(599,154)
		Services provided to	1,192,396	1,031,082
		Services provided from	(153,758)	--
		Consulting services and administrative expenses	93,788	64,008
		Payments	1,224,108	--
		Collections	(1,711,010)	(1,295,036)
Dar Chem Group Company	Affiliated Company	Services provided to	48,602	39,675
		Services provided to	165,725	165,600
Direct Energy Company	Affiliated Company	Consulting services and administrative expenses	--	250
		Services provided to	387,277	375,312
		Payments	131,661	--
		Collections	(618,389)	(242,931)
Global Thermal Chemicals Company	Affiliated Company	Consulting services and administrative expenses	--	5,879
		Services provided to	58,964	50,066
		Collections	(145,864)	--
		Consulting services and administrative expenses	--	391



**Dar Al Balad Maintenance and Operation Company
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Notes to the Special Purpose Financial Statements
For the Year Ended 31 December 2022**

Related Party	Nature of Relationship	Type of Transaction	Transaction Amount	Transaction Amount
			31 Dec 2022	31 Dec 2021
			SR	SR
Global Chemical Industries Company	Affiliated Company	Services provided to	85,126	90,863
		Consulting services and administrative expenses	(5,737)	--
		Services provided to	5,737	1,778
Rafia Chemicals Company	Affiliated Company	Services provided to	319,003	61,700
		Services provided to	(303,502)	(275,177)
		Services provided to	--	223,160
Global Specialized Chemicals Company	Affiliated Company	Consulting services and administrative expenses	4,059	4,337
		Payments	895,858	1,706,645
		Collections	(2,453,290)	(1,100)
Global Manufacturing Industries Company	Affiliated Company	Services provided to	218,347	188,591
		Consulting services and administrative expenses	1,574	3,906
		Services provided to	117,553	--
Dar Al-Arab Industrial Consulting Office	Affiliated Company	Consulting services and administrative expenses	(644,496)	(608,342)
		Payments	962,941	1,193,353
		Collections	(443,793)	(170,000)
Rafia Specialized Chemicals Company	Affiliated Company	Consulting services and administrative expenses	--	2,387
		Services provided to	(189,382)	(50,067)
		Services provided to	59,642	50,715
Najm Investment Company	Affiliated Company	Consulting services and administrative expenses	601	4,025
		Collections	(80,398)	(402,887)
		Services provided to	8,945	--
Abdullah bin Salama Real Estate Establishment	Affiliated Company	Consulting services and administrative expenses	--	465
		Services provided to	53,561	--
		Consulting services and administrative expenses	9,751	11,932
Fala Agricultural Company	Affiliated Company	Consulting services and administrative expenses	--	(11,204)
		Collections	--	--
		Services provided to	504,789	--
Saudi Tunisian Electricity and Gas Company	Affiliated Company	Consulting services and administrative expenses	12,539	8,599
		Consulting services and administrative expenses	--	1,259
		Payments	3,000,000	--
Bassam bin Salama	Shareholder	Collections	(2,500,000)	--
		Consulting services and administrative expenses	--	143,891
		Payments	--	2,000,000
Heirs of Ibrahim bin Salama	Affiliated Company	Collections	--	(2,643,891)
		Consulting services and administrative expenses	--	--
		Payments	--	--
Ibrahim bin Salama	Affiliated	Consulting services and administrative expenses	--	--
		Payments	--	--
		Collections	--	--

Dar Al Balad Maintenance and Operation Company
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Notes to the Special Purpose Financial Statements
For the Year Ended 31 December 2022

12- Investment Portfolios at Fair Value Through Profit or Loss:

a) The details of this item are as follows:

	31 December 2022	31 December 2021
	SR.	SR.
Investments in Investment Portfolios – Yaqeen Company – B	873,296	--
Total – Exhibit A	873,296	--

b) Investments in investment portfolios:

	31 December 2022	31 December 2021
	SR.	SR.
Balance at the beginning of the year	--	--
Purchases during the year	6,819,306	--
Sales during the year	(5,891,686)	--
Total	927,620	--
(Loss) on sale of shares	(31,476)	--
Total portfolio before revaluation	896,144	--
Cash dividends distributed	--	--
Unrealized (losses) from revaluation	(22,849)	--
Total – Exhibit A	873,295	--

13- Unbilled Revenue

The details of this item are as follows:

	31 December 2022	31 December 2021
	SR.	SR.
Balance at the beginning of the year	6,839,080	--
Net additions during the year	28,053,540	6,839,080
Billed	(29,200,420)	--
Balance at the end of the year – Exhibit A	5,692,200	6,839,080

14- Property, Plant and Equipment, Net:

a) Details of cost and accumulated depreciation as of 31 December 2022 are as follows:

	Vehicles	Office equipment	Furniture and Fixture	Total
	SR.	SR.	SR.	SR.
Cost				
Balance as of 1/1/2022	186,000	581,536	268,129	1,035,665
Additions during the year	92,750	35,043	--	127,793
Balance as of 31/12/2022	278,750	616,579	268,129	1,163,458
Accumulated Depreciation				
Balance as of 1/1/2022	128,483	493,088	24,825	646,396
Depreciation for the year	24,581	34,951	26,684	86,216
Balance as of 31/12/2022	153,064	528,039	51,509	732,612
Property, Plant, and Equipment as of 31/12/2022 – Exhibit A	125,686	88,540	216,620	430,846
Property, Plant, and Equipment as of 31/12/2021 – Exhibit A	57,517	88,448	243,304	389,269

Dar Al Balad Maintenance and Operation Company
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Notes to the Special Purpose Financial Statements
For the Year Ended 31 December 2022

b) Details of cost and accumulated depreciation as of 31 December 2021 are as follows:

	Vehicles	Office equipment	Furniture and Fixture	Total
Cost	SR.	SR.	SR.	SR.
Balance as of 1/1/2021	186,000	495,175	8,498	689,673
Additions during the year	--	86,361	259,631	345,992
Disposal during the year	--	--	--	--
Balance as of 31/12/2021	186,000	581,536	268,129	1,035,665
Accumulated Depreciation				
Balance as of 1/1/2021	113,110	462,411	2,111	577,632
Depreciation for the year	15,373	30,677	22,714	68,764
Balance as of 31/12/2021	128,483	493,088	24,825	346,396
Property, Plant, and Equipment as of 31/12/2021	57,517	88,448	243,304	389,269
– Exhibit A				

15- Intangible Assets – Net

Intangible assets consist of computer software, which is amortized over their estimated useful life of five years at a rate of 20% using the straight-line method. The details of the cost and accumulated amortization are as follows:

	31 December 2022	31 December 2021
For the year ending December 31		
Cost	SR.	SR.
Balance as of 01 January	150,000	150,000
Additions during the year	--	--
Balance as of December 31	150,000	150,000
Accumulated amortization		
Balance as of 01 January	149,827	128,703
Amortization for the year – Note (26)	173	21,124
Balance as of December 31	150,000	149,827
Intangible assets, net as of 31 December 2022 – Exhibit A	--	--
Intangible assets, net as of 31 December 2021 – Exhibit A	--	173
For the year ending December 31		
Cost	SR.	SR.
Balance as of 01 January	150,000	--
Transferred from Dar Al Balad Maintenance & Operations Company	--	150,000
Additions during the year / period	--	--
Balance as of December 31	150,000	150,000
Accumulated amortization		
Balance as of 01 January	128,703	--
Accumulated amortization of assets transferred from Dr Al Balad Maintenance and Operation Establishment	--	113,703
Amortization for the year / period	21,124	15,000
Balance as of December 31	149,827	128,703
Intangible assets, net as of 31 December 2021 – Exhibit A	173	--

Dar Al Balad Maintenance and Operation Company
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Notes to the Special Purpose Financial Statements
For the Year Ended 31 December 2022

16- Right-of-Use Assets – Net and Lease Liabilities:

The details of the cost, accumulated depreciation, and lease liabilities are as follows:

a) Right-of-Use Assets – Net:

	31 December 2022 SR.	31 December 2021 SR.
Balance at beginning of the year	--	--
Initial recognition of right-of-use asset	670,538	--
Cost at end of the year	670,538	--
Accumulated Depreciation, beginning of the Year	--	--
Depreciation for the year - (Note 26)	(200,125)	--
Accumulated depreciation at end of the year	(200,125)	--
Right-of-Use Assets, net Exhibit A	470,413	--

b) Lease Liabilities:

	31 December 2022 SR.	31 December 2021 SR.
Balance at the beginning of the year	--	--
Lease liabilities added during the year	670,538	--
Interest on lease liabilities – Exhibit B	14,118	--
Payments of lease liabilities	(249,900)	--
Balance at the end of the year	434,756	--
Classified as follows:		
Lease liabilities – Current portion – Exhibit A	270,990	--
Lease liabilities – Non-current portion – Exhibit A	163,766	--

17- Short-Term Loans:

This item consists of the following:

	31 December 2022 SR.	31 December 2021 SR.
Saudi Investment Bank	--	5,000,000
Saudi National Bank	--	--
Total – Exhibit A	--	5,000,000

As of 31 December 2022, Dar Al Balad Maintenance and Operations Company has two credit facility agreements compliant with Sharia regulations, as follows:

- A banking facility agreement with the Saudi Investment Bank for SR.8,000,000 to finance the purchase and sale of goods and issue various guarantees. Key guarantees associated with the agreement include performance and payment guarantees provided by the Kafalah Program for SME Financing, major shareholders, and the issuing company. Used facility amounts are repaid in a single payment after six months with a profit rate based on the Saudi Central Bank (SAMA) rate plus 1% annually.
- A credit facility agreement with the Saudi National Bank (formerly Samba) for SR.7,000,000 to finance the company's operating expenses and issue various guarantees. Key guarantees include performance and payment guarantees provided by the Kafalah Program for SME Financing, major shareholders, and the issuing company.

18- Accounts Payable:

Accounts payable, amounting to SR.123,367 as of 31 December 2022, include the balance of a single supplier amounting to SR.90,770, which constitutes 74% of total accounts payable (2021: Accounts payable, amounting to SR.81,321, included the balance of a single supplier amounting to SR.48,341, representing 59% of total accounts payable).

Dar Al Balad Maintenance and Operation Company
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Notes to the Special Purpose Financial Statements
For the Year Ended 31 December 2022

19- Other Credit Balances:

The details of this item are as follows:

	31 December 2022	31 December 2021
	SR.	SR.
VAT payable	2,100,006	703,951
Withholding tax	11,500	--
Accrued salaries, wages, and bonuses	1,615,722	2,267,623
Accrued expenses	89,025	72,000
Social insurance	277,706	317,031
Advances from customers	277,707	93,261
Total – Exhibit A	4,371,666	3,453,866

20- Zakat Provision:

a) The components and amounts forming the primary zakat base are as follows:

	31 December 2022	31 December 2021
	SR.	SR.
Funds Subject to Zakat (Positive Elements)		
Share capital	1,000,000	1,000,000
Statutory reserve	300,000	288,197
Retained earnings	13,037,259	--
Related party balances	430,846	--
Other	--	389,440
Provisions at beginning of the year, net of utilized amounts	9,234,492	9,612,410
Adjusted profit for the year - Note (20/b)	27,454,325	29,192,274
Total Zakat-able Funds	51,456,922	40,482,321
Less: Deductible Funds (Negative)		
Non-current assets	1,304,142	389,440
Zakat Base	50,152,780	40,092,881
Zakat Payable:		
Zakat base excluding adjusted profit for the year at 2.578%	585,094	280,983
Plus: Adjusted profit for the year at 2.5%	686,358	729,807
Estimated Zakat provision	1,271,452	1,010,790
Adjustment difference	91,313	(130,426)
Estimated Zakat Provision – Exhibit B and Note 20/C	1,362,765	880,364

b) Adjusted Profit for the Year

	31 December 2022	31 December 2021
	SR.	SR.
Profit for the year before estimated Zakat – Exhibit B	24,624,458	27,202,328
Provisions charged to expenses	2,829,867	1,989,946
Adjusted Profit for the Year – Note (20/a)	27,454,325	29,192,274

Dar Al Balad Maintenance and Operation Company
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Notes to the Special Purpose Financial Statements
For the Year Ended 31 December 2022

c) Movement in Estimated Zakat Provision

	31 December 2022	31 December 2021
	SR.	SR.
Balance at beginning of the year	880,364	196,744
Provision recognized during the year	1,362,765	880,364
Payments made during the year	(880,364)	(196,744)
Balance at end of the year – Exhibit A	1,362,765	880,364

d) Zakat Status:

The Company has submitted zakat declarations up to the end of 2022 and obtained final zakat certificates. No final zakat assessments have been received to date, and there are no zakat objections against the Company.

21- Employee Benefit Obligations:

- a) The Company has an end-of-service scheme for its employees (the “members”). The scheme entitles the members to a lump sum payment related to length of service and salary at the time of retirement, resignation or death. The scheme is unfunded in that no fund is currently accumulated (whether from contribution by the employer and/or employees) towards the discharge of Company’s obligation under the scheme. This scheme is being ruled by the Labor Law in the Kingdom of Saudi Arabia. The obligation recognized in the statement of financial position related to end of service indemnity represents the present value of the defined benefit obligations at the end of the reporting period. Defined benefit obligations are being calculated annually by independent actuary using the projected unit credit method. Past cost service, current cost service, interest are recognized in the income statement. Actuarial gains or losses are recognized in the comprehensive income.
- b) The amounts recognized in the statement of financial position and the statement of comprehensive income are summarized in the below schedule:

	31 December 2022	31 December 2021
	SR.	SR.
Employee benefit obligations – Exhibit A	7,564,085	7,098,160
Cost of service recognized in statement of profit / loss – Exhibit B	1,881,845	1,514,247

c) The movement in the employees benefit obligation during the year is as follows:

	31 December 2022	31 December 2021
	SR.	SR.
Balance at beginning of the year	7,098,160	7,492,780
Cost of service	1,723,840	1,356,242
Interest cost	158,005	158,005
Payments made during the year	(1,487,500)	(610,256)
Adjustments	--	34,139
Actuarial (Gain) losses	71,580	(1,332,750)
Balance at end of the year – Exhibit A	7,564,085	7,098,160

d) The principal actuarial assumptions used were as follows:

	31 December 2022	31 December 2021
	SR.	SR.
Discount rate	2.25%	2.50%
Salary increase rate	4.75%	2.50%

**Dar Al Balad Maintenance and Operation Company
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Notes to the Special Purpose Financial Statements
For the Year Ended 31 December 2022**

- e) The increase or decrease in employees' benefits obligations due to changes in assumptions are as follows:

	31 December 2022	31 December 2021
	SR.	SR.
Discount Rate +1%	7,164,998	6,734,119
Discount Rate -1%	8,009,530	7,504,807
Salary Increase Rate +1%	8,041,303	7,534,430
Salary Increase Rate -1%	7,128,777	6,700,343

22- Capital:

The company's capital is SR.1,000,000 divided into 100,000 equal shares of SR.10 each as follows:

	Percentage of ownership	No. of shares	Share value	Total
	%	Share	SR.	SR.
Dar Al-Balad Commercial Company	100%	100,000	10	1,000,000
Capital – Exhibit A	100%	100,000		1,000,000

23- Statutory Reserves:

In accordance with the company's articles of association, 10% of net income is withheld annually as statutory reserve. The company may suspend this appropriation until the reserve reaches 30% of the capital.

24- Revenues:

The company's revenues are derived from providing services related to information systems and technical support for telecommunications and information technology software systems.

	31 December 2022	31 December 2021
	SR.	SR.
Revenue	157,880,908	147,287,035
Total – Exhibit B	157,880,908	147,287,035

25- Cost of Revenues:

The details of this item are as follows:

	31 December 2022	31 December 2021 (Restated)
	SR.	SR.
Salaries, wages, and related benefits	105,733,736	104,163,782
External labor costs	3,185,934	3,138,629
Medical insurance	4,488,607	3,225,463
Social insurance contributions	3,572,219	3,280,083
Government fees	3,319,689	3,442,368
Employee benefit obligations	1,723,840	1,638,387
Consulting and IT support services	3,624,758	3,019,966
Other	976,295	1,946
Total – Exhibit B	126,625,078	121,910,624

Dar Al Balad Maintenance and Operation Company
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Notes to the Special Purpose Financial Statements
For the Year Ended 31 December 2022

26- General and Administrative Expenses:

The details of this item are as follows:

	31 December 2022	31 December 2021 (Restated)
	SR.	SR.
Salaries, Wages, and Related Benefits	4,158,387	4,096,642
Hospitality and Hotels	109,048	133,593
Telephone, Internet, and Postage	76,477	56,427
Government Fees and Subscriptions	86,828	134,647
Maintenance and Repairs	22,919	14,792
Amortization of intangible assets	173	21,124
Depreciation of Fixed Assets	86,216	68,764
Electricity and Repairs	3,395	6,405
Travel and Transportation	157,261	37,863
Bank Fees	7,229	10,296
Advertising and Promotion	21,700	13,500
Hotel Accommodation	221,438	--
Withholding Tax and Value-Added Tax	494,066	--
Expected Credit Loss Expense	1,674,574	233,689
Amortization of Right-of-Use Assets	200,125	--
Technical Support	228,995	--
Legal and Professional Fees	30,000	301,920
Rents	--	321,790
Other	363,113	191,716
Total – Exhibit B	7,941,944	5,643,168

27- Investment Losses:

This amount represents losses on investments measured at fair value through profit or loss in investment portfolios.

28- Finance Cost:

The details of this item are as follows:

	31 December 2022	31 December 2021 (Restated)
	SR.	SR.
Bank Fees and Letters of Guarantee	334,052	230,089
Interest on Employee Benefits obligations	158,005	--
Interest on lease liabilities	14,118	--
Total – Exhibit B	506,175	230,089

29- Financial Risk Management:

Overview

The Company is exposed to the following risks arising from the use of financial instruments:

- Capital Management Risk.
- Credit Risk on Bank Balance
- Interest Rate Risk
- Credit Risk.
- Liquidity Risk.
- Market Risk (including currency risk and commission rate risk).

This note shows information on the Company's exposure to the above risks, the Company's objectives, policies and procedures regarding measuring and managing risks, and managing the Company's capital. Additional quantitative disclosures have been included in these financial statements.

**Dar Al Balad Maintenance and Operation Company
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Notes to the Special Purpose Financial Statements
For the Year Ended 31 December 2022**

Risk Management:

The Board of Directors bears the full responsibility for developing and supervising Company's risk management frameworks. Company's risk management policies have been developed to identify and analyze the risks encountered by the Company. Appropriate risk limits and controls have been developed in addition to the compliance thereof. Risk management policies and rules are reviewed regularly to reflect changes in market conditions and the Company's activities.

Capital Management Risk:

The Company aims at, in managing capital, maintaining the company's ability to continue as an operating entity, achieving returns to partners and benefits to other stakeholders and maintaining an optimal capital structure that reduces the cost of capital.

Credit Risk in Bank Balances

Credit risk arising from bank balances is considered limited, as the company maintains its relationships only with banks that have high credit ratings assigned by international credit rating agencies. Since the bank balances are held with reputable banks within the Kingdom that have strong credit standing, management does not anticipate any defaults in fulfilling their financial obligations. The company's maximum exposure to credit risk is represented by the carrying amount of these financial instruments, as disclosed in the relevant notes.

Interest Rate Risks

Interest rate risk refers to the potential fluctuation in the fair value or cash flows of a financial instrument due to changes in interest rates. The company is primarily exposed to interest rate risks through variable-rate long-term loans. The company does not hedge against interest rate changes. Exposure to interest rate risks arises from long-term loans with variable rates, which affect cash flows. This exposure is partially offset by cash holdings with variable interest rates.

Credit Risk:

Credit risk is the risk that one party to a financial instrument will fail to meet its financial obligations, causing a loss to the company. The company is exposed to credit risk through the book value of its assets, which includes balances with banks and other receivables and due from related parties.

Liquidity Risk:

The company may face difficulties in providing sufficient cash to meet its financial obligations. Liquidity requirements are regularly monitored, and management ensures that adequate funds are available to meet obligations when due.

The company's policy is to always maintain sufficient cash to enable it to meet its obligations upon maturity. To achieve this objective, it seeks to maintain cash balances or agreed-upon facilities to meet expected needs.

The company's current financial liabilities consist of the current portion of bank facilities, trade payables, accrued expenses, and other liabilities. These liabilities are expected to be settled within 12 months from the financial position date, and the company expects to have sufficient funds available to do so.

Dar Al Balad Maintenance and Operation Company
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Notes to the Special Purpose Financial Statements
For the Year Ended 31 December 2022

The following table summarizes the contractual maturity schedule of the company's financial obligations:

Year / description	Carrying amount	Less than one year	From 1 year to 5 years	More than 5 years
31 December 2022	SR.	SR.	SR.	SR.
Accounts payable and other credit balances	4,495,033	4,495,033	--	--
Lease contract obligations	270,990	270,990	163,766	--
Total	4,766,023	4,766,023	163,766	--

Year / description	Carrying amount	Less than one year	From 1 year to 5 years	More than 5 years
31 December 2021				
Short-term loans	5,000,000	5,000,000	--	--
Accounts payable and other credit balances	3,535,187	3,535,187	--	--
Due to related parties	500,000	500,000	--	--
Total	9,035,187	9,035,187	--	--

Market Risk:

Market risk represents the risk arising from changes in market prices, such as foreign exchange rates and commission rates, which may affect the company's income. The objective of market risk management is to manage and monitor market risk exposures within acceptable limits while optimizing returns.

Currency Risk:

The company is exposed to foreign exchange risk resulting from exposure to various currencies, particularly fluctuations in exchange rates of other currencies against the Saudi Riyal. Foreign currency risk primarily arises from commercial transactions. The company's policy requires management to conduct regular reviews of currency risk exposure. For monetary assets and liabilities denominated in foreign currencies, the company ensures that net exposure to associated risks remains within acceptable levels by buying and selling foreign currencies at spot rates when necessary, to offset short-term imbalances.

Commission Rate Risk:

Commission rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market commission rates. The company's exposure to changes in market commission rates relates mainly to floating-rate borrowings. However, the company does not have any long-term borrowings, and therefore it is not exposed to long-term commission rate risk.

30- Financial Assets and Liabilities:

	31 December 2022 SR.	31 December 2021 SR.
Financial Assts at Fair Value		
Investments at fair value through profit or loss	873,296	--
Total	873,296	--
Financial Assets Measured at Amortized cost:		
Cash and cash equivalents	1,985,716	11,361,832
Accounts receivable	24,636,892	20,083,804
Other debit balances	294,058	767,257
Due from related parties	20,078,059	12,212,244
Total	46,994,725	44,425,137
Financial Liabilities Measured at Amortized Cost		
Accounts payable	123,367	81,321
Other credit balances	1,615,722	2,267,527
Due to related parties	--	500,000
Total	1,739,089	2,848,848

**Dar Al Balad Maintenance and Operation Company
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Notes to the Special Purpose Financial Statements
For the Year Ended 31 December 2022**

31- Dividends Distribution:

Dar Al Balad Commercial Company (the owner) has decided to distribute dividends for the year ended 31 December 2022 amounting to SR.8,000,000 (2021: SR.3,529,999).

32- Contingent Liabilities:

The company has contingent liabilities arising from guarantees in the form of letters of guarantee issued on behalf of the company amounting to SR.2,149,760 as at 31 December 2022 (2021: SR.nil).

33- Subsequent Events:

- The management believes that no significant events have occurred since the end of the financial year that could have a material impact on the company's financial position.
- On 30 May 2024, the company's name was amended from Dar Al Balad Maintenance and Operations (Single Person Company) Limited Liability Company to Dar Al Balad for Business Solutions (Single Person Company) Limited Liability Company.

34- Approval of Special Purpose Financial Statements for Issuance:

The special purpose financial statements were approved for issuance by the Board of Directors on 11 Rajab 1446H. Corresponding to 11 January 2025G.

35- General:

The figures in the special purpose financial statements are rounded to the nearest Saudi Riyal.

**Dar Al Balad Maintenance
And Operations Company
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia**

**Financial Statements
For the Year Ended 31 December 2023
And Independent Auditor's Report**

Dar Al Balad Maintenance and Operations Company
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia

Index

	Page	Exhibit
Independent Auditor's Report	1-2	--
Statement of Financial Position as of 31 December 2023	3	A
Statement of Comprehensive Income for the Year Ended 31 December 2023	4	B
Statement of Changes in Equity for the Year Ended 31 December 2023	5	C
Statement of Cash Flows for the Year Ended 31 December 2023	6	D
Notes to the Financial Statements for the Year Ended 31 December 2023	7-35	--

شركة طلال أبوغزالة وشركاه محاسبون قانونيون
Talal Abu-Ghazaleh & Co. Certified Public Accountants
 Professional Register No. 1010424464 سجل شركة مهنية رقم ١٠١٠٤٢٤٤٦٤



Independent Auditor's Report

The Owner
Dar Al Balad Maintenance and Operations Company
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia

Opinion:

We have audited the financial statements of **Dar Al Balad Maintenance and Operations Company – (A Single Owner Company) – A Limited Liability Company - (the Company)** which comprise the statement of financial position as of 31 December 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted in the Kingdom of Saudi Arabia and other pronouncements and standards endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

Basis for Opinion:

We conducted our audit in accordance with International Standards on Auditing endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Code of Ethics of Professional Accountants (including International Independence Standards) and we have fulfilled our other 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.

Emphasis of Matter:

Previously, our report was issued on 01 June 2024, on the accompanying financial statements for the year ended 31 December 2023. Based on the Company's request, the independent auditor's report on the aforementioned financial statements was signed by the partner licensed by the Capital Market Authority for the purpose of listing on the stock exchange. Except as disclosed in Note (33), there were no amendments to those financial statements or their disclosures, nor any subsequent events having a material effect on these financial statements, up to the date of re-signature by the relevant partner.

On 30 May 2024, the company's name was amended from Dar Al Balad Maintenance and Operations Company – (A Single-Person Company) - A Limited Liability Company to Dar Al Balad for Business Solutions – (A Single-Person Company) - A Limited Liability Company - Note (1/b).

Other Matter:

The financial statements of Dar Al Balad Maintenance and Operations Company for the year ended 31 December 2022, were audited by another auditor who issued an unmodified opinion on those financial statements on 28 April 2023.

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 the IFRS as adopted in the Kingdom of Saudi Arabia and other pronouncements and standards endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA) and Companies' Regulation and Company's By-law and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (board of directors) are responsible for overseeing the Company's financial reporting process.

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 ص.ب.٩٧٦٧ الرياض ١١٤٢٣ - المملكة العربية السعودية

Independent Auditor's Report to the Owner of Dar Al Balad Maintenance and Operations Company – (A Single-Person Company) – A Limited Liability Company as of 31 December 2023 (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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

For Talal Abu-Ghazaleh & Co.


Waleed A. Bamarouf
Certified Public Accountant
License No. 408



Riyadh in : 25 Muharram 1447 H.
Corresponding to : 20 July 2025 G.



Dar Al Balad Maintenance and Operations Company
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Statement of Financial Position
As of 31 December 2023

Exhibit A

	Note	31 December 2023	31 December 2022	01 January 2022
Assets				
Current Assets		SR.	SR.	SR.
			(Restated)	(Restated)
Cash and cash equivalents	(8)	6,984,335	10,895,716	11,361,832
Accounts receivable	(9)	28,050,763	24,836,892	20,083,804
Other debit balances	(10)	5,603,939	2,061,755	2,419,734
Due from related parties	(11/a)	3,094,572	20,078,059	12,212,244
Loan to related parties -owner	(11/b)	12,000,000	--	--
Investments at fair value through profit or loss	(12)	16,069,687	873,296	--
Unbilled revenue	(13)	17,009,036	5,692,200	6,839,080
Total Current Assets		88,812,332	64,437,918	52,916,694
Non-Current Assets				
Property, plant, and equipment - net	(14)	390,233	430,846	389,269
Intangible assets	(15)	--	--	173
Right-of-use assets -net	(16)	193,568	470,413	--
Total Non-Current Assets		583,801	901,259	389,442
Total Assets		89,396,133	65,339,177	53,306,136
Liabilities and Equity				
Current Liabilities				
Short-term loans	(17)	9,427,047	--	5,000,000
Accounts payable	(18)	2,784,432	123,367	81,321
Due to related parties	(11/c)	173,648	--	500,000
Other credit balances	(19)	6,750,898	4,371,666	3,453,866
Lease contract obligations - current portion		163,766	270,990	--
Provision for estimated zakat	(20/c)	2,119,819	1,362,765	880,364
Total Current Liabilities		21,419,610	6,128,788	9,915,551
Non-Current Liabilities				
Lease contract obligations - non-current portion		--	163,766	--
Long-term employee benefit obligations	(21)	10,558,208	7,564,085	7,098,160
Total Non-Current Liabilities		10,558,208	7,727,851	7,098,160
Total Liabilities		31,977,818	13,856,639	17,013,711
Equity				
Capital	(22)	1,000,000	1,000,000	1,000,000
Additional capital contributions		--	14,217,166	14,217,166
Statutory reserve	(23)	300,000	300,000	300,000
Retained earnings		56,118,315	35,965,372	20,775,259
Total Equity – Exhibit C		57,418,315	51,482,538	36,292,425
Total Liabilities and Equity		89,396,133	65,339,177	53,306,136

**The Accompanying Notes from (1) to (35) Constitute an Integral Part of
These Financial Statements**

Dar Al-Balad Maintenance and Operations Company
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Statement of Comprehensive Income
For the Year Ended 31 December 2023

Exhibit B

	Note	2023	2022
		SR.	SR. (Restated)
Revenue	(24)	195,474,665	157,880,908
Cost of revenue	(25)	(154,179,535)	(126,625,078)
Gross Profit		41,295,130	31,255,830
General and administrative expenses	(26)	(6,643,471)	(7,941,944)
Operating Profit		34,651,659	23,313,886
Other income		217,257	1,871,072
Investment income	(27)	147,269	(54,325)
Finance charge	(28)	(502,562)	(506,175)
Income for the year before estimated Zakat		34,513,623	24,624,458
Estimated zakat	(20/a)	(2,059,455)	(1,362,765)
Profit for the Year – Exhibit C		32,454,168	23,261,693
Other Comprehensive Income:			
Items that will not be subsequently reclassified to profit or (loss):			
(Losses) on remeasurement of long-term employee benefit obligations	(21)	(968,349)	(71,580)
Total Other Comprehensive (Loss) for the Year		(968,349)	(71,580)
Total Comprehensive Income for the Year		31,485,819	23,190,113

**The Accompanying Notes from (1) to (35) Constitute an Integral Part of
These Financial Statements**

Dar Al-Balad Maintenance and Operations Company
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Statement of Change in Equity
For the Year Ended 31 December 2023

Exhibit C

	Capital	Additional Capital Contributions	Statutory Reserve	Retained Earnings	Total
	SR.	SR.	SR.	SR.	SR.
Equity as of 1 January 2022 (Restated)	1,000,000	14,217,166	300,000	20,775,259	36,292,425
Dividend distributions*	-	-	-	(8,000,000)	(8,000,000)
Profit for the year 2022	-	-	-	23,261,693	23,261,693
Other comprehensive (loss)	-	-	-	(71,580)	(71,580)
Net Comprehensive Income – Exhibit B	-	-	-	23,190,113	23,190,113
Equity as of 31 December 2022 – Exhibit A (Restated)	1,000,000	14,217,166	300,000	35,965,372	51,482,538
Dividend distributions*	-	-	-	(11,332,876)	(11,332,876)
Profit for the year 2023	-	-	-	32,454,168	32,454,168
Other comprehensive (loss)	-	-	-	(968,349)	(968,349)
Net Comprehensive Income - Exhibit B	-	-	-	31,485,819	31,485,819
Transfer of additional capital contributions to a related party (owner) account	-	(14,217,166)	-	-	(14,217,166)
Equity as of 31 December 2023 - Exhibit A	1,000,000	-	300,000	56,118,315	57,418,315

* On 31 December 2023, the owner decided to distribute profits amounting to SR.11,332,876 (2022: profits were distributed to the owner amounting to SR.8,000,000).

The Accompanying Notes from (1) to (35) Constitute an Integral Part of
These Financial Statements

Dar Al-Balad Maintenance and Operations Company
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Statement of Cash Flows
For the Year Ended 31 December 2023

Exhibit D

	2023	2022
	SR.	SR.
		(Restated)
Cash Flows from Operating Activities		
Profit for the year	32,454,168	23,261,693
Adjustments for non-cash income and expenses:		
Depreciation of property, plant, and equipment	115,247	86,216
Amortization of intangible assets	-	173
Allocated to expenses from employee benefit obligations	1,965,952	1,723,840
Amortization of right-of-use assets	276,845	200,125
Allocated to expenses from provision for impairment of accounts receivable	619,941	1,674,574
Allocated to expenses from provision for estimated Zakat	2,059,455	1,362,765
Finance costs	168,415	172,123
	37,660,023	28,481,509
Changes in Operating Assets and Liabilities		
Accounts receivable	(3,833,812)	(6,427,662)
Other debit balances	(3,542,184)	357,980
Due from related parties	(9,233,679)	(186,165)
Unbilled revenue	(11,316,836)	1,146,880
Due to related parties	173,648	1,520,349
Accounts payable	2,661,065	42,046
Other credit balances	2,379,232	917,800
Cash Flows from Operations	14,947,457	25,852,737
Employee benefit obligations – paid	(98,183)	(1,487,500)
Provision for estimated zakat – paid	(1,302,401)	(880,364)
Net cash from operating activities	13,546,873	23,484,873
Cash Flows from Investing Activities		
Additions to investments at fair value through profit or loss	(15,196,391)	(873,296)
Additions to property, plant, and equipment	(74,634)	(127,793)
Net cash (used in) investing activities	(15,271,025)	(1,001,089)
Cash Flows from Financing Activities		
Dividend distributions	(11,332,876)	(8,000,000)
Net movement in short-term loans	9,427,047	(5,000,000)
Net movement in related parties	-	(9,700,000)
Lease payments	(281,400)	(249,900)
Net cash (used in) financing activities	(2,187,229)	(22,949,900)
Net (decrease) in cash and cash equivalents	(3,911,381)	(466,116)
Cash and cash equivalents at the beginning of the year	10,895,716	11,361,832
Cash and cash equivalents at the end of the year – Exhibit A	6,984,335	10,895,716
Supplementary Information on Non-Cash Activities:		
Transfer of additional capital contributions to a related party (owner) account	14,217,166	-

**The Accompanying Notes from (1) to (35) Constitute an Integral Part of
These Financial Statements**

Dar Al Balad Maintenance and Operations Company
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Notes to the Financial Statements
For the Year Ended 31 December 2023

1- Formation and Nature of Business:

- a) **Dar Al-Balad Maintenance and Operations Company – (A Single-Person Company) – A Limited Liability Company** (hereinafter referred to as the “**Company**”) was established in Riyadh under Commercial Registration No.1010168374 issued on 09/11/1442H. valid until 09/11/1540H. and to practice the company’s activity in operation and maintenance of buildings, installation and extension of computer and wired/wireless communication networks, maintenance and operation of electrical and electronic facilities and computers, installation and maintenance of machines and equipment, and computer telephony operations.

The financial statements include the assets, liabilities, and results of operating the company and the following branches:

Branch Name	Commercial Registration No.	Registration Date	Issued In
Dar Al Balad for Communications & IT Co.	4030263432	14/3/1435H	Jeddah
Durar Al Balad for Contracting Co.	1010355941	12/1/1434H	Riyadh
Dayerat Al Balad for Trading Co.	1010218342	18/3/1427H	Riyadh

The financial statements represent the assets, liabilities, and results of operations of the commercial registers mentioned above only.

- b) On 30 May 2024, the company’s name was changed from Dar Al Balad Maintenance and Operation Company - (Single-Person Company) - A Limited Liability Company to Dar Al Balad for Business Solutions Company - (Single-Person Company) - Limited Liability Company.

The Head Office registered address is as follows:

Riyadh – Al Olaya District
 Po.Box. 285121
 Riyadh, 11323
 Kingdom of Saudi Arabia

2- Basis for Preparation:

Statement of Compliance with IFRS:

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the interpretations issued by the IFRS Interpretations Committee of the International Accounting Standards Board, as adopted in the Kingdom of Saudi Arabia, along with other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (collectively referred to as "IFRS adopted in the Kingdom of Saudi Arabia").

These constitute the Company's first financial statements prepared in accordance with IFRS adopted in the Kingdom of Saudi Arabia, having previously applied the International Financial Reporting Standard for Small and Medium-sized Entities. Accordingly, the Company has applied IFRS 1 - First-time Adoption of International Financial Reporting Standards as adopted in the Kingdom of Saudi Arabia. The same accounting policies were used in preparing both the opening statement of financial position as of 01 January 2022 and the annual financial statements for 2022.

Prior to 31 December 2022, the Company prepared its financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities. Note (7) discloses the effects of the first-time adoption of IFRS.

Basis of Presentation and Measurement:

These financial statements were prepared on the historical cost basis and using the accrual basis, except for the employee obligations, which were measured at the present value of future obligations, and investments measured at fair value through profit or loss.

Dar Al Balad Maintenance and Operations Company
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Notes to the Financial Statements
For the Year Ended 31 December 2023

Functional Currency, Presentation Currency, and Foreign Currency Conversion:

The financial statements are presented in Saudi Riyal, which is the company's functional currency.

Transactions in foreign currencies are initially recorded at the functional currency spot rates at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates at the date of the financial statements. Differences arising from the settlement or translation of monetary items are recognized in profit or loss.

Fair Value Measurement:

Fair value is the price received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of an asset or liability is measured assuming that market participants will benefit when pricing the assets and liabilities and will act in their best economic interests.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses the appropriate valuation methods suitable to the circumstances, for which sufficient data are available to measure fair value, maximizing the use of observable inputs and minimizing the use of non-observable inputs.

All assets and liabilities measured at fair value or disclosed in special purpose financial statements are classified within the fair value hierarchy levels and based on the lowest level input that are significant to measuring fair value as a whole:

- Level 1: Quoted prices in an active market for identical assets or liabilities.
- Level 2: Valuation techniques from which the lowest level inputs that are significant to measuring fair value are observable, either directly or indirectly.
- Level 3: Valuation techniques for which the lowest level inputs that are significant to measuring fair value are unobservable.

For fair value disclosure purposes, the Company categorizes assets and liabilities based on their nature, characteristics, and risks, and assigns them to the appropriate level of the fair value hierarchy.

3- Major Accounting Estimates, Assumptions and Judgments:

The preparation of these special purpose financial statements in accordance with International Financial Reporting Standards requires the use of estimates, judgments, and assumptions that may affect the amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, as well as the amounts of revenues and expenses recorded during the related period. Although these estimates are based on the best information available to management regarding current events and circumstances, the final results may differ from these estimates.

Estimates and assumptions reviewed on an ongoing basis, and the effect of changes in accounting estimates is recognized in the period in which the change occurs and in future periods affected by it. The following are the key assumptions concerning the future and the primary sources of estimation uncertainty at reporting date that have a significant risk of causing material adjustments in the future.

Employee End-of-Service Benefits:

The company's end-of-service benefits program is classified as a defined benefit plan. This program is unfunded, and the obligation recognized in the statement of financial position related to the defined benefit end-of-service program is measured at the present value of the defined benefit obligation at the end of the reporting period.

The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. Actuarial gains and losses arising from actuarial assumptions are recognized in other comprehensive income in the period in which they arise. Past service costs, current service costs, and net interest are recognized immediately in the statement of profit or loss.

Dar Al Balad Maintenance and Operations Company
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Notes to the Financial Statements
For the Year Ended 31 December 2023

Estimated Useful Lives of Property, Plant, and Equipment:

The cost of intangible assets and property, plant, and equipment is depreciated on a systematic basis over their estimated useful lives. Management reviews the useful lives and the depreciation method annually to ensure they reflect the expected pattern of consumption of the assets' economic benefits. The determination of useful lives is based on several factors, including:

- The expected usage of the asset.
- The expected physical wear and tear, which depends on operational and environmental conditions.
- Legal or similar restrictions on the use of the assets.

Management has not assigned a residual value to these assets due to their immateriality.

Impairment of Accounts Receivable:

The company's management periodically reviews accounts receivable to assess whether impairment losses should be recognized in the statement of profit or loss. Management estimates the required allowance based the expected future cash flows and their timing, taking into account the aging profile of receivables and other factors that involve varying degrees of judgment and uncertainty.

Management estimates the recoverable amounts of significant accounts receivable on an individual basis. For individually immaterial balances that are long overdue, a collective assessment is performed, and an allowance is calculated based on the length of time past due and historical collection experience.

Estimated Zakat:

Zakat charges on ordinary activities represent the total zakat expense for the period. The calculation of zakat necessarily involves a degree of estimation, as certain items cannot be definitively determined until an agreement is reached with the Zakat, Tax and Customs Authority or until relevant legal rulings are finalized. The final settlement of some of these items may result profits, losses, or cash flows.

Provisions:

Provisions, by their nature, involve the use of estimates and judgments to determine whether recognition criteria are met, including estimating the probable payable amounts. Provisions for legal claims are based on estimated costs, taking into account legal advice and other information available at the reporting date. Provisions for end-of-service benefits and exit costs, if applicable, involve management's judgment in estimating expected cash outflows. Provisions for uncertain liabilities reflect management's best estimates of probable cash outflows.

Fair Value Measurement:

Fair value represents 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 under current market conditions, whether that price is directly observable or determined by using another valuation technique. Fair value measurement is based on the assumption that the transaction to sell the asset or transfer the liability occurs either:

- In the principal market for the asset or liability; or
- In the most advantageous market for the asset or liability in the absence of a principal market.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their best economic interest.

Unbilled Revenue:

The use of the percentage-of-completion method for recognizing contract revenue requires additional estimates of revenues, costs, profits, and amounts to be recognized in each accounting period. These estimates may be revised throughout the contract term and are reviewed regularly based on customer change orders.

Dar Al Balad Maintenance and Operations Company
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Notes to the Financial Statements
For the Year Ended 31 December 2023

4- Material Accounting Policy Information:

The material accounting policies applied by the Company in preparing these financial statements have been applied consistently for all periods presented and in the preparation of the opening statement of financial position for the purpose of transition to IFRS. The following represent the material accounting policies applied:

Current and Non-Current Classification of Assets and Liabilities:

The Company presents its assets and liabilities in the statement of financial position as "current / non-current". Assets shall be deemed current:

- When they are expected to be realized, sold or consumed in the normal operating cycle;
- When they are expected to be realized within twelve months after the reporting period, or
- When they are cash or cash equivalents, unless restricted from being used to settle a liability for at least twelve months after the reporting period

All other assets shall be classified as non-current.

Liabilities are classified as current when they are due to be settled within twelve months after the reporting period.

The Company classifies all other liabilities as non-current liabilities.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Property, Plant and Equipment:

Items of property, plant and equipment are carried in the statement of financial position at cost less accumulated depreciation and any impairment losses.

Depreciation is charged on a straight-line basis over the estimated useful lives of the assets, except for land, which is not depreciated. Depreciation is calculated to allocate the cost of each asset, less its residual value, over its useful life using the following annual rates:

Asset	Depreciation
Leasehold improvement	Shorter of lease term or useful life
Motor vehicles	25%
Office equipment	25%
Furniture and fixtures	10%

At each statement of financial position date, an assessment is made to determine whether there are any indicators of impairment for non-current assets. If such indicators exist, the recoverable amount of the asset is estimated to determine the extent of any impairment loss. In cases where the recoverable amount of the individual asset cannot be estimated, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the estimated recoverable amount of an asset or cash-generating unit is less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. The impairment loss is recognized as an expense in the income statement in the financial year in which it occurs. If, in a subsequent period, an impairment loss recognized previously is reversed, the carrying amount of the asset or cash-generating unit is increased to its revised recoverable amount, provided that this increased carrying amount does not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized in prior years. The reversal of an impairment loss is recognized as income in the income statement in the financial period in which it occurs.

Right-of-Use Assets and Lease Liabilities:

The Company recognizes right-of-use assets and corresponding lease liabilities for its operating leases. Each lease payment is allocated between the lease liability and the finance cost. The finance cost is charged to profit or loss over the lease term to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life or the lease term on a straight-line basis.

The initial measurement of assets and liabilities arising from the lease contract is based on present value.

Dar Al Balad Maintenance and Operations Company
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Notes to the Financial Statements
For the Year Ended 31 December 2023

The right-of-use asset is measured at cost, which includes:

- The initial measurement amount of the lease liability
- Any lease payments made at or before the contract commencement date, less any lease incentives received
- Any initial direct costs and refurbishment costs

The lease liability includes the net present value of the following lease payments:

- Fixed payments (including payments that are fixed in substance), less any payable lease incentives
- Variable lease payments based on an index or rate
- Amounts expected to be paid by the lessee under residual value guarantees
- The exercise price of purchase options if the lessee is reasonably certain to exercise this option, and lease termination penalties if the lease term reflects the lessee's exercise of that option

Lease payments are discounted using the incremental borrowing rate, which represents the rate the lessee would pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment under similar terms and conditions. Payments related to short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in comprehensive income.

Short-term leases are leases with a lease term of 12 months or less.

The terms of lease contracts are renegotiated on an individual basis and contain a wide range of different terms and conditions. Lease agreements do not impose any covenants, but the leased assets are not used as collateral for borrowing purposes.

Related Parties:

The Company identifies related parties in accordance with IAS 24, "Related Party Disclosures." Transactions with related parties involve the transfer of resources, services, or obligations between the Company and related parties, regardless of whether a price is charged. The terms and conditions of these transactions are approved by the Company's management.

Revenue Recognition:

In accordance with International Financial Reporting Standard (IFRS) 15, the terms "contract assets" and "contract liabilities" are used to describe what was previously referred to as accrued revenue and deferred revenue. Revenue is measured based on the consideration specified in a contract with a customer, excluding amounts collected on behalf of third parties. The Company recognizes revenue when control of a good or service is transferred to the customer. The principles of IFRS 15 are applied using the following five-step model:

Step 1: Identify the Contract

A contract is identified when the following conditions are met:

- The contract is approved and all parties are committed to it.
- The rights of each party are identified.
- Payment terms are specified.
- The contract has commercial substance.
- It is probable that the consideration will be collected.

Step 2: Identify Performance Obligations

All goods or services agreed upon in the contract are identified, and a determination is made as to whether each agreed-upon good or service constitutes a separate performance obligation. A good or service is considered distinct and separated from other obligations in the contract if:

- The customer can benefit from the good or service either on its own or together with other readily available resources.
- The good or service is separately identifiable from other goods or services in the contract.

Step 3: Determine the Transaction Price

The transaction price is the amount the Company expects to be entitled to in exchange for transferring the agreed-upon goods or services to the customer.

Step 4: Allocate the Transaction Price

The transaction price is allocated to each performance obligation based on the standalone selling price of the goods or services provided to the customer.

Dar Al Balad Maintenance and Operations Company
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Notes to the Financial Statements
For the Year Ended 31 December 2023

Step 5: Recognize Revenue

Revenue is recognized when the customer obtains control of the good or when the service is performed.

Expenses:

Expenses incurred by the Company consist of cost of sales and general and administrative expenses. Expenses related to the Company's revenue-generating efforts are classified as cost of sales, while those related to administration and not directly tied to sales are classified as general and administrative expenses. Common expenses, if necessary, are allocated between cost of sales and general and administrative expenses on a consistent basis. The accrual basis is applied to charge general and administrative expenses to the financial period.

Zakat Provision:

Zakat is calculated and recognized in profit or loss for each financial period in accordance with Zakat, Tax, and Customs Authority (ZATCA) regulations. The zakat provision is adjusted upon receipt of the final zakat assessment, with differences recognized in profit or loss in the period the final assessment is received.

Value-Added Tax (VAT):

The value-added tax receivable or payable represent the difference between the total VAT on eligible sales (output tax) and the total VAT on eligible purchases and expenses paid (input tax). A settlement is then made between them, and the resulting balance is remitted (paid) to the Zakat, Tax, and Customs Authority.

Borrowing Costs:

The Company recognizes all borrowing costs as expenses in profit or loss in the period in which they are incurred.

Provisions and Contingent Items:

Provisions are recognized when the Company has a present legal or constructive obligation arising from past events, it is probable that an outflow of economic resources will be required to settle the obligation, and the amount can be reliably estimated. If the Company expects reimbursement for some or all of a provision, the reimbursement is recognized as a separate asset only when virtually certain. Expenses related to provisions are presented in profit or loss, net of any reimbursements. If the time value of money is material, provisions are discounted using a current pre-tax rate reflecting specific risks to the obligation, with increases due to the passage of time recognized as finance costs. Provisions for future operating losses and contingent assets and liabilities are not recognized.

Dividends:

Dividends distributed to the Company's shareholders are recognized as liabilities in the financial statements in the period in which they are approved by the shareholders.

Financial instruments at fair value through profit or loss:

Financial assets at fair value through profit or loss include financial assets at cost for trading, financial assets designated at fair value through profit or loss upon initial recognition, and financial assets that are mandatorily measured at fair value. Financial assets are classified as "held for trading" if they are acquired for the purpose of selling or repurchasing in the near future. Financial assets at fair value through profit or loss are recorded in the statement of financial position at fair value, and net changes in fair value are recognized in the statement of profit or loss. Financial assets at fair value through profit or loss consist of short-term investments in a discretionary portfolio managed by the Company, acquired primarily for the purpose of selling and repurchasing in the near term.

For securities traded in organized markets, the fair value is determined by reference to the quoted market price (bid price) at the close of business on the financial reporting date.

For securities that do not have a quoted market price, a reasonable estimate of fair value is made by reference to the net asset value (NAV) of the underlying funds, which reflects the fair value of the financial instruments.

Dar Al Balad Maintenance and Operations Company
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Notes to the Financial Statements
For the Year Ended 31 December 2023

Financial Instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity or financial liabilities or equity instrument of another entity.

Financial Assets:

Financial assets include:

- Cash.
- A contractual right to receive a financial asset from another entity (receivables)
- A contractual right to exchange financial instruments with another entity under favorable conditions of entity.
- A non-derivative contract where the entity is or may be required to receive a variable number of entity's own equity instruments.

Classification and Initial Recognition:

An entity classifies its financial assets in the following measurement categories:

- Financial assets that are subsequently measured at fair value (either through statement of income (FVSI) or other comprehensive income (FVTOCI))
- Financial assets measured at amortized cost.

Classification is based on the business model used in the entity for managing financial assets and contractual terms of cash flows.

For assets measured at fair value, gains or losses are recognized either in the statement of income or other comprehensive income. For investment in debt instruments, it depends on the business model of this investment. For investment in equity instruments, it depends on whether the entity has made an irrevocable choice at the time of initial recognition of equity instruments at FVTOCI. The entity reclassifies debt instruments only when its business model changes to manage those assets.

At initial recognition, an entity measures its financial assets (not classified as fair value through statement of income) at fair value plus transaction costs directly attributable to the acquisition of financial assets. In the case of financial assets classified as at FVSI, transaction costs are recognized in the statement of income.

Subsequent Measurement of Financial Assets:

Equity Instruments:

- All equity investments are to be measured at fair value and if the entity's management decides to present fair value gains or losses on equity investments within other comprehensive income, then gain (losses) on fair values cannot be reclassified subsequently in the statement of income. Dividend from the investment is recognized as income when the entity's right to receive payments are established.
- Impairment losses and reversal of impairment losses on equity investments measured at FVTOCI are not treated separately from other changes in fair value.
- Changes in the fair value of financial assets at (FVTPL) are recognized in other income in the statement of income as appropriate.

Debt Instruments:

Subsequent measurement for debt instruments is based on the entity's business model for asset management and cash flow characteristics of assets. There are three measurement categories and the entity classifies debt instruments by:

- Amortized cost:
Financial assets held for contractual cash flows represent the original investment and related interest thereon and are measured at amortized cost. Gains or losses on debt instruments at amortized cost that are not part of a hedging relationship are recognized in profit or loss when it is derecognized or impaired.

Dar Al Balad Maintenance and Operations Company
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Notes to the Financial Statements
For the Year Ended 31 December 2023

- Interest income from financial assets is recognized using the effective interest rate method.
- Fair value through other comprehensive income (FVOCI):
Financial assets held for contractual cash flows and for sale, where cash flows represent the investment asset and interest thereon and are measured at FVOCI.
Changes in fair value are recognized through other comprehensive income except for the recognition of gains or losses relating to impairment, interest income and foreign exchange gains / losses in the statement of income. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is transferred from equity to income statement, recognized as other gains or losses and interest income from financial assets and treated as financial interest using the effective interest rate method.
- Fair value through statement of income (FVSI):
Assets that do not meet amortized cost or FVOCI are measured at fair value through statement of income. Gains or losses arising from subsequent measurement of investment in debt instruments are recognized at fair value through statement of income that is not part of a hedging relationship within the statement of income. They are recognized as net gains or losses in the period in which they arise. Interest income from these financial assets is recognized as financial interest.

Effective Interest Method:

The effective interest method is a method for calculating the amortized cost of a debt instrument and allocating interest revenue over the relevant period. The effective interest rate is the rate that discounts future cash payments received through the life expectancy of the debt instrument or, if appropriate, in the shorter period to carrying amount at initial recognition.

Impairment in Value:

- The entity assesses expected future credit losses for financial assets at amortized cost and FVOCI. The impairment methodology applied depends on whether there is a significant increase in credit risk.
- For trade receivables only, the entity applies the “simplified approach” permitted by IFRS 9, which requires the recognition of lifetime expected losses in initial recognition of receivables.

Financial Liabilities:

Financial liabilities include:

- A contractual obligation to deliver cash or another financial asset to another entity.
- A contractual obligation to exchange financial instruments with another entity under conditions that are potentially unfavorable to the entity.
- A non-derivative contract where the entity is obliged to provide a variable number of entity's own equity instruments.

Initial Recognition:

Financial liabilities are recognized initially at fair value. The financial liabilities of the entity include trade payables, other payables and long-term loans from the government at a lower market rate.

Subsequent Measurement:

The entity classifies all financial liabilities after initial recognition at amortized cost.

Offsetting Financial Instruments:

Financial assets and liabilities shall be offset and the net amount presented in the statement of financial position only when there is a current enforceable right to settle the amounts recognized and when there is an intention to settle on a net basis or to liquidate assets and settle liabilities simultaneously.

Disposal of Financial Assets and Liabilities:

- An entity derecognizes a financial asset only when the contractual rights to cash flows from the asset expire or when it transfers the financial asset and all the risks and rewards of ownership thereof to another party. If an entity neither transfers nor retains all risks and rewards of ownership and continues to control the asset, the entity recognizes its share held in the asset and the liability for the amounts it may pay. If an entity retains substantially all risks and rewards of ownership of the financial asset, the entity continues to recognize the financial asset and recognize the associated liability.

Dar Al Balad Maintenance and Operations Company
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Notes to the Financial Statements
For the Year Ended 31 December 2023

- On derecognition of a financial asset measured at amortized cost, the difference between the carrying amount of the asset and the amount of the consideration received and receivable is recognized in the statement of income. In addition, upon derecognition of an investment in a debt instrument classified as FVOCI, the cumulative gain or loss previously recognized in the revaluation reserve is reclassified to profit or loss. Upon derecognition of an investment in equity instruments that the Company has chosen to recognize initially by measuring at (FVOCI), the cumulative gain or loss recognized in the investment revaluation reserve is not classified as profit or loss, but are converted to retained earnings.
- Financial liabilities are derecognized only when the liabilities are discharged, canceled, expired or invalidated. The difference between the carrying amounts of the financial liabilities and the amounts paid and required, including any non-monetary assets transferred or liabilities recognized in the statement of income, is recognized.

Post-Employment Benefits:

Defined-Contribution Plan:

The Company contributes to the pension and social insurance of its employees in accordance with the Saudi Labor Law. The Company recognizes its share of fixed contributions to the General Organization for Social Insurance (GOSI) each month as expenses. The Company has no legal or constructive obligation to pay any additional contributions, and its sole obligation is to pay the contributions when they become due.

End of Service Benefit Provision:

These benefits represent an end-of-service reward program for employees. The amounts payable are calculated under the Saudi Labor Law to compensate employees for their accumulated service periods. The Company's net obligations regarding unfunded defined benefit plans for employees ("the obligations") are calculated by estimating the future benefit amounts employees will receive for their services in the current and prior periods, with the benefits being discounted to determine their present value, along with any unrecorded past service costs.

The discount rate used equals the market return on government bonds at the financial statements date that have maturity dates approximating the terms of the Company's obligations. The cost of providing benefits under unfunded defined benefit plans for employees is determined using the Projected Unit Credit Method to calculate the present value of the Company's obligations.

The obligations under unfunded defined benefit plans consist of the present value of the obligations adjusted for any costs related to past services not yet recognized and any unrecognized actuarial gains/losses. Currently, there are no past service costs.

There are no unrecognized remeasurement gains or losses, as all remeasurement gains or losses have been recognized as income or expenses in the other comprehensive income statement during the period in which they arose.

Provisions:

Provisions are recognized when the Company has a liability (legal or constructive) arising from a past event and there is a possibility that costs to settle the obligation will arise which can be reliably measured. When the Company expects to receive compensation for some or all of the provision- for example, under an insurance contract - compensation is recognized as an independent asset but only in the event that the compensation is actually confirmed. Expenses relating to the provision are presented in the statement of profit or loss, net of any compensation.

Dar Al Balad Maintenance and Operations Company
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Notes to the Financial Statements
For the Year Ended 31 December 2023

5- New and Revised IFRSs and Interpretations issued that became effective:

The company has adopted all the applicable new and revised international Financial Reporting Standards and interpretations that are relevant to its operations and effective for the periods beginning on or after 1 January 2023. These amendment had no impact on the financial statement of the Company.

Standard or Interpretation No.	Effective date
International Financial Reporting Standard No. (17) Insurance Contracts	January 1, 2023
Disclosure of accounting policies Amendments to International Accounting Standard No. (1) and Statement of Practice No. (2)	January 1, 2023
Definition of accounting estimates Amendments to International Accounting Standard No. (8)	January 1, 2023
Deferred taxes related to assets and liabilities arising from a single transaction Amendments to International Accounting Standard No. (12) Income Taxes.	January 1, 2023
Initial application of IFRS 17 and IFRS 9 - Comparative Figures (Amendment to IFRS 17)	January 1, 2023
Amendments to International Accounting Standard (12) Tax reform at the international level - the rules of the second pillar model	January 1, 2023

6- New and Revised IFRSs and Interpretations that are not effective yet:

The Company did not adopt any of the following new amended standards that were issued but not yet effective:

IFRS or Interpretation	Effective Date
Amendments to International Accounting Standard No. (1) Classification of liabilities as current and non-current; and non-current liabilities with covenants.	January 1, 2024
Amendments to International Financial Reporting Standard (16) Lease Commitment for Sale and Leaseback	January 1, 2024
Amendments to International Accounting Standard (7) and International Financial Reporting Standard (7) Supplier finance arrangements.	January 1, 2024
Amendments to International Financial Reporting Standard No. (10) and International Accounting Standard No. (28) Sale or Contribution to Assets between investors and an associate or joint venture	Effective date postponed indefinitely.
IFRS (S1) - General requirements for the disclosure of sustainability-related financial information, and IFRS (S2) - Climate-related disclosures.	January 1, 2024 (The application depends on the regulatory authorities adopting the two standards)
Amendments to International Accounting Standard (21) Lack of Exchangeability	January 1, 2025

The management of the Company does not expect that these standards will have a material impact on the financial statements when applied in future financial periods.

Dar Al Balad Maintenance and Operations Company
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Notes to the Financial Statements
For the Year Ended 31 December 2023

7- Implementation of International Financial Reporting Standards for the first time:

- a) The company's financial statements for the year ended 31 December 2023 are the first annual financial statements in which the company is committed to applying International Financial Reporting Standards. It used to apply the International Financial Reporting Standard for Small and Medium-sized Entities. These financial statements were prepared in accordance with the policies set out in Note No. (4), including International Financial Reporting Standard No. (1). Standard No. 1 requires entities to adopt International Financial Reporting Standards in their first annual financial statements prepared in accordance with international standards by providing an explicit and unrestricted statement of compliance with International Financial Reporting Standards. IFRS 1 also requires presenting comparative financial information. As a result, the first date on which the company implemented international standards is 01/01/2022. Standard No. 1 requires retrospective application of all IFRSs effective on the financial reporting date of 31 December 2023.
- b) Reconciliations to the statement of financial position in accordance with International Financial Reporting Standards as of 01 January 2022:

	Balances as per IFRS for SMEs SR.	Impact of Transition SR.	Reclassification SR.	Adjustment Impact SR.	Balances as per IFRS SR.
Assets					
Current Assets					
Cash and Cash Equivalents	11,777,379	--	(415,547)	--	11,361,832
Accounts Receivable	20,315,657	(231,853)	--	--	20,083,804
Other Receivables	8,843,267	--	415,547	(6,839,080)	2,419,734
Unbilled Revenue	--	--	--	6,839,080	6,839,080
Due from Related Parties	3,599,359	--	8,612,885	--	12,212,244
Total Current Assets	44,535,662	(231,853)	8,612,885	--	52,916,694
Non-Current Assets					
Property, Plant, and Equipment - Net	389,269	--	--	--	389,269
Intangible Assets	173	--	--	--	173
Due from Related Parties	8,850,030	--	(8,850,030)	--	-
Total Non-Current Assets	9,239,472	--	(8,850,030)	--	389,442
Total Assets	53,775,134	(231,853)	(237,145)	--	53,306,136
Liabilities and Equity					
Current Liabilities					
Short-Term Loans	5,000,000	--	--	--	5,000,000
Accounts Payable	81,321	--	--	--	81,321
Other Payables	3,453,866	--	--	--	3,453,866
Due to Related Parties	737,145	--	(237,145)	--	500,000
Estimated Zakat Provision	880,364	--	--	--	880,364
Total Current Liabilities	10,152,696	--	(237,145)	--	9,915,551
Non-Current Liabilities					
Long-Term Defined Employee Benefit Obligations	7,068,013	30,147	--	--	7,098,160
Total Non-Current Liabilities	7,068,013	30,147	--	--	7,098,160
Total Liabilities	17,220,709	30,147	(237,145)	--	17,013,711
Equity					
Capital	1,000,000	--	--	--	1,000,000
Statutory Reserve	300,000	--	--	--	300,000
Additional Capital Contributions	14,217,166	--	--	--	14,217,166
Retained Earnings	21,037,259	(262,000)	--	--	20,775,259
Total Equity	36,554,425	(262,000)	--	--	36,292,425
Total Liabilities and Equity	53,775,134	(231,853)	(237,145)	--	53,306,136

Dar Al Balad Maintenance and Operations Company
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Notes to the Financial Statements
For the Year Ended 31 December 2023

- c) Reconciliations to the statement of financial position in accordance with International Financial Reporting Standards as of 31 December 2022:

	Balances as per IFRS for SMEs	Impact of Transition	Reclassification	Adjustment Impact	Balances as per IFRS
	SR.	SR.	SR.	SR.	SR.
Assets					
Current Assets					
Cash and Cash Equivalents	10,920,529	--	(24,813)	--	10,895,716
Accounts Receivable	26,743,319	(1,906,427)	--	--	24,836,892
Other Receivables	7,749,648	(20,507)	24,813	(5,692,200)	2,061,755
Unbilled Revenue	--	--	--	5,692,200	5,692,200
Due from Related Parties	3,785,524	--	16,292,536	--	20,078,060
Investments at Fair Value through Profit or Loss	873,296	--	--	--	873,296
Total Current Assets	50,072,316	(1,926,934)	16,292,536	--	64,437,918
Non-Current Assets					
Property, Plant, and Equipment -Net	430,846	--	--	--	430,846
Right-of-Use Assets	--	470,413	--	--	470,413
Due from Related Parties	18,550,030	--	(18,550,030)	--	-
Total Non-Current Assets	18,980,876	470,413	(18,550,030)	--	901,259
Total Assets	69,053,192	(1,456,521)	(2,257,494)	--	65,339,177
Liabilities and Equity					
Current Liabilities					
Accounts Payable	123,367	--	--	--	123,367
Due to Related Parties	2,257,494	--	(2,257,494)	--	-
Other Payables	4,371,666	--	--	--	4,371,666
Lease Liabilities – Current Portion	--	270,990	--	--	270,990
Estimated Zakat Provision	1,362,765	--	--	--	1,362,765
Total Current Liabilities	8,115,292	270,990	(2,257,494)	--	6,128,788
Non-Current Liabilities					
Lease Liabilities – Non-Current Portion	--	163,766	--	--	163,766
Long-Term Defined Employee Benefit Obligations	6,543,912	1,020,173	--	--	7,564,085
Total Non-Current Liabilities	6,543,912	1,183,939	--	--	7,727,851
Total Liabilities	14,659,204	1,454,929	(2,257,494)	--	13,856,639
Equity					
Capital	1,000,000	--	--	--	1,000,000
Statutory Reserve	300,000	--	--	--	300,000
Additional Capital Contributions	14,217,166	--	--	--	14,217,166
Retained Earnings	38,876,822	(2,911,450)	--	--	35,965,372
Total Equity	54,393,988	(2,911,450)	--	--	51,482,538
Total Liabilities and Equity	69,053,192	(1,456,521)	(2,257,494)	--	65,339,177

Dar Al Balad Maintenance and Operations Company
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Notes to the Financial Statements
For the Year Ended 31 December 2023

- d) Reconciliations to the statement of comprehensive income in accordance with International Financial Reporting Standards for the year ended 31 December 2022.

	Balances as per IFRS for SMEs	Impact of Transition	Reclassification	Adjustment Impact	Balances as per IFRS
	SR.	SR.	SR.	SR.	SR.
Revenue	159,027,788	--	--	(1,146,880)	157,880,908
Cost of Revenue	(131,169,904)	(760,441)	4,158,387	1,146,880	(126,625,078)
Gross Profit	27,857,884	(760,441)	4,158,387	-	31,255,830
General and Administrative Expenses	(2,137,893)	(1,645,306)	(4,158,387)	--	(7,941,586)
Operating Profit	25,719,991	(2,405,747)	--	--	23,314,244
Other Income	1,871,072	--	--	--	1,871,072
Investment Income	(54,325)	--	--	--	(54,325)
Finance Costs	(334,052)	(172,123)	--	--	(506,175)
Other Expenses	(358)	--	--	--	(358)
Profit for the Year Before Estimated Zakat	27,202,328	(2,577,870)	--	--	24,624,458
Estimated Zakat	(1,362,765)	--	--	--	(1,362,765)
Profit for the Year	25,839,563	(2,577,870)	--	--	23,261,693
Other Comprehensive Income:					
Items that will not be reclassified subsequently to profit or loss:					
Gains (Losses) on Remeasurement of Long-Term Defined Employee Benefit Obligations	--	(71,580)	--	--	(71,580)
Total Other Comprehensive Income (Loss)	--	(71,580)	--	--	(71,580)
Total Comprehensive Income for the Year	25,839,563	(2,649,450)	--	--	23,190,113

- e) Adjustments:

1- Adjustments as of 01 January 2022.

- A provision for the impairment of accounts receivable was recognized in the amount of SR.231,853.
- Employee benefit obligations were increased based on the actuarial valuation in accordance with the requirements of International Accounting Standard (IAS) No. 19 by an amount of SR.30,147.
- Adjustments to the Impact of transition on equity as of 01 January 2022:

	01 January 2022
	SR.
Equity before adjustments	36,554,425
Remeasurement of provision for expected credit losses	(231,853)
Remeasurement of long-term employee benefit obligations	(30,147)
Total Adjustments to Equity Items as per IFRS	(262,000)
Equity After Adjustments as of January 1, 2022	36,292,425

Dar Al Balad Maintenance and Operations Company
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Notes to the Financial Statements
For the Year Ended 31 December 2023

d) Reconciliations to the Financial Position as of January 1, 2022

	01 January 2022
	SR.
Transferred from cash and cash equivalents to other receivables (Advances and custody)	(415,547)
Transferred to other receivables (Advances and custody) from cash and cash equivalents	415,547
Transferred from due from related parties (long-term) to due from related parties (short-term)	(8,850,030)
Transferred to due from related parties (short-term) from due from related parties (long-term)	8,850,030
Transferred from due to related parties (long-term) to due to related parties (short-term)	(237,145)
Transferred to due to related parties (short-term) from due to related parties (long-term)	237,145
	--

- e) During the year 2021, the company adjusted previously recognized deferred costs as project expenses amounting to SR.6,839,080. The company had not recognized the revenues accrued for those projects. Consequently, the deferred costs were reversed, and the corresponding revenues were recognized, resulting in an adjustment to the opening balance. This adjustment reduced the deferred costs and increased the accrued revenues by the same amount for the year 2021 in the statement of financial position.

2- Adjustments to the Financial Statements as per IFRS 31 December 2022:

- a) Right-of-use assets were recognized as of January 1, 2022, amounting to SR.670,538, recorded as an addition against the recognition of lease liabilities for the same amount.
- b) A provision for the impairment of accounts receivable was recognized amounting to SR.1,906,427.
- c) Depreciation of right-of-use assets for the year 2022 amounted to SR.200,125 resulting in the following:

	SR.
Balance as of January 1, 2022	--
Additions During the Year	670,538
Depreciation for 2022	(200,125)
Right-of-Use Assets – Net	470,413
Lease liabilities were reduced as follows:	
	SR.
Balance as of January 1, 2022	670,538
Payments During the Year	(235,782)
Lease Liabilities – Net	434,756

d) Adjustments to Equity as of December 31, 2022

The following table summarizes the adjustments to equity items:

	31 December 2022
	SR.
Equity before adjustments	54,393,988
Remeasurement of provision for expected credit losses	(1,906,427)
Remeasurement of long-term employee benefit obligations	(1,020,173)
Adjustment of finance costs on bank loans and lease liabilities	(14,118)
Recognition of reduction in rent expense	229,393
Recognition of depreciation expense for right-of-use assets	(200,125)
Total Adjustments to Equity Items as per IFRS	(2,911,450)
Equity After Adjustments as of 31 December 2022	51,482,538

Dar Al Balad Maintenance and Operations Company
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Notes to the Financial Statements
For the Year Ended 31 December 2023

- e) Adjustments to the Statement of Comprehensive Income:
- 1- Increase in long-term employee benefit obligations by SR.760,441, with a corresponding recognition of interest expense on employee benefit obligations amounting to SR.158,005. Additionally, a provision for expected credit losses of SR. 1,674,574 was recognized.
 - 2- Depreciation of right-of-use assets of SR.200,125, a reduction in lease expense by SR.229,393, and recognition of interest expense on right-of-use assets amounting to SR.14,118.
 - 3- Actuarial (losses) from remeasurement of the long-term employee benefit obligations provision amounting to SR.71,580.
 - 4- Reduction in revenue due to the adjustment effect by SR.1,146,880, along with a corresponding reduction in cost of revenue due to the adjustment effect by SR.1,146,880.

- f) Reclassification in the Statement of Financial Position as of 31 December 2022:

	31 December 2022
	SR.
Transferred from cash and cash equivalents to other receivables (advances and custody)	(24,813)
Transferred to other receivables (advances and custody) from cash and cash equivalents	24,813
Transferred from due from related parties (long-term) to due from related parties (short-term)	(18,550,030)
Transferred to due from related parties (short-term) from due from related parties (long-term)	18,550,030
Transferred from due to related parties (short-term) to due from related parties (short-term)	(2,257,494)
Transferred to due from related parties (short-term) from due to related parties (short-term)	2,257,494
	--

- g) Reclassification for the Statement of Income as of December 31, 2022

	31 December 2022
	SR.
Transferred from general and administrative expenses to cost of revenue (external labor salaries)	(4,158,387)
Transferred to cost of revenue from general and administrative expenses (external labor salaries)	4,158,387
	--

- h) During the year 2022, the company adjusted previously recognized deferred costs as project expenses amounting to SR. 6,839,080. The company had not recognized the revenues due for those projects. Consequently, the deferred costs were reversed, and the corresponding revenues were recognized, resulting in an adjustment to the opening balance. This adjustment reduced the deferred costs and increased the due revenues by the same amount for the year 2022 in the statement of financial position.

8- Cash and Cash Equivalent:

The details of this item are as follows:

	31 December 2023	31 December 2022	01 January 2022
	SR.	SR.	SR.
Current accounts with local banks in Saudi Riyal	6,984,335	10,895,716	11,361,832
Total - Exhibit A	6,984,335	10,895,716	11,361,832

Dar Al Balad Maintenance and Operations Company
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Notes to the Financial Statements
For the Year Ended 31 December 2023

9- Accounts Receivables, Net:

a) The details of this item are as follows:

	31 December 2023	31 December 2022	01 January 2022
	SR.	SR.	SR.
Trade receivable	32,978,969	30,397,298	23,969,636
Provision for impairment of receivables – Note (9/b)	(4,928,206)	(5,560,406)	(3,885,832)
Trade – Exhibit A	28,050,763	24,836,893	20,083,804

b) The movement in the provision for impairment of receivables is as follows:

	31 December 2023	31 December 2022	01 January 2022
	SR.	SR.	SR.
Balance at beginning of the year	5,560,406	3,885,832	3,693,538
Provision made during the year	619,941	1,674,574	233,689
Write-off of doubtful debts	(1,252,141)	--	(41,395)
Balance at end of the year – Note (9/a) – Exhibit A	4,928,206	5,560,406	3,885,832

c) The analysis of accounts receivable based on the Company's provision matrix as of 31 December:

Year	Total	0-90 days	90-180 days	180-270 days	270-360 days	Over 1 year
	SR.	SR.	SR.	SR.	SR.	SR.
2023	32,978,969	24,766,220	6,133,286	1,152,416	132,825	794,222
2022	30,397,298	19,255,997	5,287,864	3,907,358	923,012	1,023,067
2021	23,969,636	14,573,064	3,798,921	3,538,903	1,272,540	786,208

10- Other Receivables:

The details of this item are as follows:

	31 December 2023	31 December 2022	01 January 2022
	SR.	SR.	SR.
Prepaid expenses	2,450,748	1,701,043	1,620,838
Employees advances	535,180	294,058	767,257
Advance payment to suppliers	66,656	66,654	31,639
Value added tax (VAT)	2,551,355	--	--
Total – Exhibit A	5,603,939	2,061,755	2,419,734

Dar Al Balad Maintenance and Operations Company
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Notes to the Financial Statements
For the Year Ended 31 December 2023

11-

Related Parties:

- a) The company deals in its ordinary course of business with related parties which include entities related to company's owner. Transaction with related parties occurred at prices and payment terms estimated and approved by the company's management are summarized below:

	Nature of relationship	Movement during the year		31 December 2023	31 December 2022	01 January 2022
		Debit	Credit			
		SR.	SR.	SR.	SR.	SR.
Dar Al-Balad Commercial Company	Owner	33,455,168	49,133,672	614,032	16,292,536	8,612,885
Diesel Equipment Company	Affiliated company	94,989	106,678	13,240	24,969	42,557
Dar Al-Balad Contracting and Operations Company	Affiliated company	--	670,054	--	670,054	24,530
Addar Chem Group Company	Affiliated company	39,676	49,594	154,941	164,859	116,257
Addar Chemicals Company	Affiliated company	194,458	40,216	319,967	165,725	216,180
Direct Energy Company	Affiliated company	356,001	391,001	43,777	78,777	178,228
Global Thermal Chemicals Company	Affiliated company	50,066	--	109,100	59,034	145,934
Global Chemical Industries Company	Affiliated company	--	335,083	--	335,083	249,957
Al Rufayah Chemicals Company	Affiliated company	120	--	554,330	554,210	235,207
Global Specialized Chemicals Company	Affiliated company	475,480	782,981	60	307,561	1,557,432
Global Manufacturing Industries Company	Affiliated company	189,766	--	945,658	755,892	535,971
Dar Al-Arab Industrial Consulting Office	Affiliated company	684,144	691,558	54,681	62,095	69,890
Specialized Rafia Chemicals Company	Affiliated company	35	35	--	--	189,382
Najm Investment Company	Affiliated company	50,785	59,712	1	8,928	29,083
Abdullah Bin Salama Real Estate Establishment	Affiliated company	--	9,409	1	9,410	465
Fala Agricultural Company	Affiliated company	294,270	358,249	61	64,040	728
Saudi-Tunisian Electricity and Gas Company	Affiliated company	563,877	802,781	284,723	523,627	6,299
Bassam Bin Salama	Affiliated	1,463	2,722	--	1,259	1,259
Total				3,094,572	20,078,059	12,212,244

- b) Loan to a Related Party – Owner:

During the year, the company transferred an amount of SR.12,000,000 to the owner to participate in a project with Darar Al-Qimma Real Estate Company for the purchase of land and subsequent construction and development. Upon completion of the project and sale, the loan, along with interest, will be repaid to the company based on the owner's share of the final sale proceeds, proportional to each invested amount from the date of land purchase.

	Nature of relationship	31 December 2023		31 December 2022	01 January 2022
		SR.	SR.		
	Owner	12,000,000	--	--	--
Dar Al Balad Commercial Co.		12,000,000	--	--	--
Total – Exhibit A		12,000,000	--	--	--

Dar Al Balad Maintenance and Operations Company
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Notes to the Financial Statements
For the Year Ended 31 December 2023

c)	Due to a related party: The company deals in its ordinary course of business with related parties which include entities related to company's owner. Transaction with related parties occurred at prices and payment conditions estimated and approved by the company's management. The movement on this account is as follows:									
	Nature of relationship		31 December 2023		31 December 2022		01 January 2022			
	SR.		SR.		SR.		SR.			
	Affiliated Company		173,648		--		500,000			
	Heirs of Ibrahim Bin Salama		--		--		500,000			
Total – Exhibit A		173,648		--		--		--		
d)	Related Party Transactions: The major transaction with related party during the year are as follows:									
	Related Party	Nature of Relationship	Type of Transaction		Transaction Amount 31 Dec 2023		Transaction Amount 31 Dec 2022		Transaction Amount 1 Jan 2022	
					SR.		SR.		SR.	
	Dar Al-Balad Trading Company	Owner	Consulting Services and Administrative Expenses		--		12,400,000		8,180	
			Payments		--		(2,700,000)		--	
		Short-Term Loans		(15,000,000)		--		--		
		Services Provided		(2,578,803)		--		(1,484,616)		
		Payments		20,450,330		--		1,086,846		
		Dividend Distributions		11,332,876		8,000,000		--		
		Closure of Additional Capital Contributions		14,217,166		--		--		
		Receipts		--		--		(1,000,000)		
	Diesel Equipment Company	Affiliated Company	Services Provided To		--		54,707		611,583	
			Services Provided By		--		(14,081)		--	
			Consulting Services and Administrative Expenses		94,958		52,092		14,945	
			Payments		106,687		77,780		--	
			Receipts		--		(188,085)		(599,154)	
			Services Provided To		--		1,192,396		1,031,082	
			Services Provided By		(323,569)		(153,758)		--	
	Dar Al-Balad Contracting and Operations Company	Affiliated Company	Consulting Services and Administrative Expenses		2,574,474		93,788		64,008	
			Payments		3,074,000		1,224,108		--	
			Receipts		(4,403,959)		(1,711,010)		(1,295,036)	
			Short-Term Loans		(1,591,000)		--		--	
	Dar Chem Group Company	Affiliated Company	Services Provided To		--		48,602		39,675	

Dar Al Balad Maintenance and Operations Company
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Notes to the Financial Statements
For the Year Ended 31 December 2023

Addar Chemical Company	Affiliated Company	Receipts	(9,919)	--	--	--
		Services Provided To	--	165,725	165,600	--
		Consulting Services and Administrative Expenses	154,242	--	--	250
Direct Energy Company	Affiliated Company	Services Provided To	--	387,277	375,312	--
		Payments	--	131,661	--	--
		Receipts	(390,231)	(618,389)	(242,931)	--
Global Thermal Chemicals Company	Affiliated Company	Consulting Services and Administrative Expenses	355,231	--	5,879	--
		Services Provided To	--	58,964	50,066	--
		Receipts	--	(145,864)	--	--
		Consulting Services and Administrative Expenses	--	--	391	--
Global Chemical Industries Company	Affiliated Company	Services Provided To	-	85,126	90,863	--
		Services Provided By	-	(5,737)	-	--
		Consulting Services and Administrative Expenses	50,066	5,737	1,778	--
		Short-Term Loans	600,000	-	-	--
		Receipts	(985,149)	-	-	--
Rafia Chemicals Company	Affiliated Company	Services Provided To	-	319,003	61,700	--
Global Specialized Chemicals Company	Affiliated Company	Consulting Services and Administrative Expenses	120	-	-	--
		Services Provided By	-	(303,502)	(275,177)	--
		Services Provided To	-	-	223,160	--
		Consulting Services and Administrative Expenses	228,388	4,059	4,337	--
		Payments	236,092	895,858	1,706,645	--
		Receipts	(771,981)	(2,453,290)	(1,100)	--
Global Manufacturing Industries Company	Affiliated Company	Services Provided To	-	218,347	188,591	--
		Consulting Services and Administrative Expenses	189,766	1,574	3,906	--
Dar Al-Arab Industrial Consulting Office	Affiliated Company	Services Provided To	-	117,553	-	--
		Services Provided By	(409,429)	(644,496)	(608,342)	--
		Payments	454,192	962,941	1,193,353	--
		Receipts	(57,612)	(443,793)	(170,000)	--
		Consulting Services and Administrative Expenses	5,435	-	2,387	--

Dar Al Balad Maintenance and Operations Company
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Notes to the Financial Statements
For the Year Ended 31 December 2023

Specialized Rafia Chemicals Company	Affiliated Company	Services Provided By	-	(189,382)	(50,067)
Najm Investment Company	Affiliated Company	Services Provided By	-	59,642	50,715
		Consulting Services and Administrative Expenses	50,785	601	4,025
		Receipts	(59,712)	(80,398)	(402,887)
Abdullah Bin Salama Real Estate Establishment	Affiliated Company	Services Provided To	-	8,945	-
		Receipts	(9,410)	-	-
		Consulting Services and Administrative Expenses	-	-	465
Fala Agricultural Company	Affiliated Company	Services Provided To	-	53,561	-
		Consulting Services and Administrative Expenses	6,270	9,751	11,932
		Payments	288,000	-	-
		Receipts	(358,249)	-	(11,204)
Saudi-Tunisian Electricity and Gas Company	Affiliated Company	Services Provided To	-	504,789	-
		Consulting Services and Administrative Expenses	531,687	12,539	8,599
		Receipts	(770,589)	-	-
Bassam Bin Salama	Shareholder	Receipts	(1,259)	-	-
		Consulting Services and Administrative Expenses	-	-	1,259
		Salaries	660,000	-	-
		Payments	-	3,000,000	-
Heirs of Ibrahim Bin Salama	Affiliated Company	Receipts	-	(2,500,000)	-
		Consulting Services and Administrative Expenses	-	-	143,891
Ibrahim Bin Salama	Affiliated	Payments	-	-	2,000,000
		Receipts	-	-	(2,643,891)

Dar Al Balad Maintenance and Operations Company
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Notes to the Financial Statements
For the Year Ended 31 December 2023

12- Investments at fair value through profit and loss:

The details of this item are as follows:

	2023	2022	2021
	SR.	SR.	SR.
Investment in Albilad Capital Fund – A	11,458,992	-	-
Investment in Yaqeen Investment Portfolios – b	4,610,695	873,296	--
Total – Exhibit A	16,069,687	873,296	--

- a) This amount represents the value of the company's investments in Albilad Capital Fund measured at fair value through profit or loss as of 31 December 2023.

- b) Investment in Yaqeen Investment Portfolios:

The details of this item are as follows:

	2023	2022	2021
	SR.	SR.	SR.
Balance at the beginning of the year	873,295	--	--
Purchases during the year	10,856,529	6,819,306	--
Sales during the year	(6,761,916)	(5,891,686)	--
Total	4,967,908	927,620	--
Gains / (losses) on sale of share	466,641	(31,476)	--
Total portfolio before revaluation	5,434,549	896,144	--
Cash dividend distributions	(45,490)	--	--
Unrealized losses from revaluation	(778,364)	(22,849)	--
Total – Exhibit A	4,610,695	873,295	--

13- Unbilled Revenue:

The details of this item are as follows:

	2023	2022	2021
	SR.	SR.	SR.
Balance at the beginning of the year	5,692,200	6,839,080	--
Additions during the year	37,456,592	28,053,540	6,839,080
Invoiced	(26,139,756)	(29,200,420)	--
Balance at the end of the year – Exhibit A	17,009,036	5,692,200	6,839,080

14- Property, Plant and Equipment, Net:

- a) Details of cost and accumulated depreciation as of 31 December 2023 are as follows:

	Vehicles	Office equipment	Furniture and Fixture	Total
Cost	SR.	SR.	SR.	SR.
Balance as of 1/1/2023	278,750	616,579	268,129	1,163,458
Additions during the year	--	53,799	20,835	74,634
Balance as of 31/12/2023	278,750	670,378	288,964	1,238,092
Accumulated Depreciation				
Balance as of 1/1/2023	153,064	528,039	51,509	732,612
Depreciation for the year	45,734	41,194	28,319	115,247
Balance as of 31/12/2023	198,798	569,233	79,828	847,859
Property, Plant, and Equipment as of 31/12/2023 – Exhibit A	79,952	101,145	209,136	390,233
Property, Plant, and Equipment as of 31/12/2022 – Exhibit A	125,686	88,540	216,620	430,846

Dar Al Balad Maintenance and Operations Company
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Notes to the Financial Statements
For the Year Ended 31 December 2023

b) Details of cost and accumulated depreciation as of 31 December 2022 are as follows:

	Vehicles	Office equipment	Furniture and Fixture	Total
Cost	SR.	SR.	SR.	SR.
Balance as of 1/1/2022	186,000	581,536	268,129	1,035,665
Additions during the year	92,750	35,043	--	127,793
Balance as of 31/12/2022	278,750	616,579	268,129	1,163,458
Accumulated Depreciation				
Balance as of 1/1/2022	128,483	493,088	24,825	646,396
Depreciation for the year	24,581	34,951	26,684	86,216
Balance as of 31/12/2022	153,064	528,039	51,509	732,612
Property, Plant, and Equipment as of 31/12/2022 – Exhibit A	125,686	88,540	216,620	430,846
Property, Plant, and Equipment as of 31/12/2021 – Exhibit A	57,517	88,448	243,304	389,269

15- Intangible Assets – Net:

Intangible assets consist of computer software, amortized over their estimated useful life of five years using the straight-line method. Details of cost and accumulated amortization are as follows:

	2023	2022
	SR.	SR.
Balance as of 01/01/2023	150,000	150,000
Additions during the year	--	--
Balance as of December 31/12/2023	150,000	150,000
Accumulated amortization		
Balance as of 01/01/2023	150,000	149,827
Amortization for the year – Note (26)	--	173
Balance as of December 31/12/2023	150,000	150,000
Intangible assets, net as of 31 December 2023 – Exhibit A	--	--
Intangible assets, net as of 31 December 2022 – Exhibit A	--	--

16- Right-of-Use Asset, Net and Lease Liabilities:

a) Right-of-use Asset, Net

	31 December 2023	31 December 2022	01 January 2022
	SR.	SR.	SR.
Cost at beginning of the year	670,538	--	--
Addition of right-of-use assets	--	670,538	--
Cost at end of the year	670,538	670,538	--
Accumulated depreciation at the beginning of the year	(200,125)	--	--
Amortization during the year – Note (26)	(276,845)	(200,125)	--
Accumulated depreciation at the end of the year	(476,970)	(200,125)	--
Right-of-use assets, net – Exhibit A	193,568	470,413	--

b) Lease Liabilities:

	31 December 2023	31 December 2022	01 January 2022
	SR.	SR.	SR.
Balance at the beginning of the year	434,756	--	--
Lease liabilities added during the year	--	670,538	--
Interest on lease liabilities – Exhibit B	10,410	14,118	--
Lease liability payments	(281,400)	(249,900)	--
Balance at end of the year	163,766	434,756	--
Classified as follows:			
Lease Liabilities – Current Portion– Exhibit A	163,766	270,990	--
Lease Liabilities – Non-current portion – Exhibit A	--	163,766	--

Dar Al Balad Maintenance and Operations Company
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Notes to the Financial Statements
For the Year Ended 31 December 2023

17- Short-Term Loans:

The details of this item are as follows:

	31 December 2023	31 December 2022	01 January 2022
	SR.	SR.	SR.
Saudi Investment Bank	4,916,895	--	5,000,000
Saudi National Bank	4,510,152	--	--
Total – Exhibit A	9,427,047	--	5,000,000

As of 31 December 2023, the company, Dar Al Balad for Maintenance and Operation Company, has two credit facility agreements compliant with Sharia regulations, as follows:

- Credit Facility Agreement with Saudi Investment Bank: An amount of SR.8,000,000 for the purpose of financing the purchase and sale of goods and issuing various guarantees. The key guarantees associated with this agreement include a performance and payment bond provided by the Kafalah Program for Financing Small and Medium Enterprises, major shareholders, and the issuing company. The utilized facility amounts are repaid in a single payment after six months with interest based on the Saudi Central Bank (SAMA) rate plus 1% annually.
- Credit Facility Agreement with Saudi National Bank (formerly Samba): An amount of SR.7,000,000 for the purpose of financing the company's operational expenses and issuing various guarantees. The key guarantees associated with this agreement include a performance and payment bond provided by the Kafalah Program for Financing Small and Medium Enterprises, major shareholders, and the issuing company.

18- Trade Payables:

Trade payables balance, amounting to SR.2,784,432 as of 31 December 2023, includes the balance of a single supplier amounting to SR.2,608,261 which constitute 94% of the total trade payables (2022: Trade payables amounting to SR.123,367 included the balance of a single supplier amounting to SR. 90,770 which constitute 74% of total trade payables) (2021: Trade payables amounting to SR.81,321 included the balance of a single supplier amounting to SR.48,341 which constitute 59% of total trade payables).

19- Other payables

The details of this item are as follows:

	31 December 2023	31 December 2022	01 January 2022
	SR.	SR.	SR.
VAT payable	5,166,978	2,100,006	703,951
Withholding tax	32,670	11,500	--
Accrued salaries, wages, and bonuses	1,074,627	1,615,722	2,267,623
Accrued expenses	91,500	89,025	72,000
Social insurance	385,123	277,706	317,031
Advances from customers	--	277,707	93,261
Total – Exhibit A	6,750,898	4,371,666	3,453,866



Dar Al Balad Maintenance and Operations Company
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Notes to the Financial Statements
For the Year Ended 31 December 2023

20- Estimated Zakat Provision:

- a) The components and amounts forming the primary zakat base are as follows:

	2023	2022	2021
	SR.	SR.	SR.
<u>Zakat Funds (Positive)</u>			
Capital	1,000,000	1,000,000	1,000,000
Statutory Reserve	300,000	300,000	288,197
Retained Earnings	30,543,944	13,037,259	-
Related Parties	-	430,846	-
Other Items	163,766	-	389,440
Provisions at the Beginning of the Year After Deduction of Utilized Amounts	10,814,358	9,234,492	9,612,410
Adjusted Profit for the Year – Note (20/B)	41,296,886	27,454,325	29,192,274
Total Zakatable Funds	84,114,954	51,456,922	40,482,321
Less: Deductible Funds (Negative)			
Non-Current Assets	390,234	1,304,142	389,440
Zakat Base	83,724,720	50,152,780	40,092,881
<u>Zakat Payable:</u>			
Zakat Base Excluding Adjusted Profit for the Year at 2.578%	1,093,758	585,094	280,983
Add: Adjusted Profit for the Year at 2.5%	1,032,322	686,358	729,807
Estimated Zakat Provision	2,126,080	1,271,452	1,010,790
Calculation Difference	(66,625)	91,313	(130,426)
Estimated Zakat Provision – Exhibit B and Note (20/C)	2,059,455	1,362,765	880,364

- b) Adjusted Profit for the Year:

	2023	2022	2021
	SR.	SR.	SR.
Profit for the Year Before Estimated Zakat – Exhibit B	34,513,623	24,624,458	27,202,328
Provisions Charged to Expenses	6,779,263	2,829,867	1,989,946
Adjusted Profit for the Year – Note (20/A)	41,296,886	27,454,325	29,192,274

- c) The movement in the estimated zakat provision is as follows:

	2023	2022	2021
	SR.	SR.	SR.
Balance at the Beginning of the Year	1,362,765	880,364	196,744
Provision Made During the Year	2,059,455	1,362,765	880,364
Paid During the Year	(1,302,401)	(880,364)	(196,744)
Balance at the End of the Year – Exhibit A	2,119,819	1,362,765	880,364

- d) **Zakat Status:**

The company has submitted its Zakat declarations up to the end of 2022 and has obtained final Zakat certificates. As of now, no final Zakat assessment has been received, and there are no outstanding Zakat or tax objections against the company.

Dar Al Balad Maintenance and Operations Company
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Notes to the Financial Statements
For the Year Ended 31 December 2023

21- Employee Benefit Obligations:

- a) The Company has an end-of-service scheme for its employees (the "members"). The scheme entitles the members to a lump sum payment related to length of service and salary at the time of retirement, resignation or death. The scheme is un-funded in that no fund is currently accumulated (whether from contribution by the employer and/or employees) towards the discharge of Company's obligation under the scheme. This scheme are being ruled by the Labor Law in the Kingdom of Saudi Arabia. The obligation recognized in the statement of financial position related to end of service indemnity represents the present value of the defined benefit obligations at the end of the reporting period. Defined benefit obligations are being calculated annually by independent actuary using the projected unit credit method.

Past cost service, current cost service, interest are recognized in the income statement. Actuarial gains or losses are recognized in the comprehensive income.

- b) The amounts recognized in the statement of financial position and the statement of comprehensive income are summarized in the below schedule:

	31 December 2023	31 December 2022	01 January 2022
	SR.	SR.	SR.
Employee benefit obligations – Exhibit A	10,558,208	7,564,085	7,098,160
Cost of service recognized in statement of profit / loss – Exhibit B	2,123,957	1,881,845	1,514,247

- c) The movement in the employees benefit obligation during the year is as follows:

	31 December 2023	31 December 2022	01 January 2022
	SR.	SR.	SR.
Balance at beginning of the year	7,564,085	7,098,160	7,492,780
Cost of service	1,965,952	1,723,840	1,356,242
Interest cost	158,005	158,005	158,005
Payments made during the year	(98,183)	(1,487,500)	(610,256)
Adjustments	--	--	34,139
Actuarial losses (gains)	968,349	71,580	(1,332,750)
Balance at end of the year – Exhibit A	10,558,208	7,564,085	7,098,160

- d) The principal actuarial assumptions used were as follows:

	31 December 2023	31 December 2022	01 January 2022
	SR.	SR.	SR.
Discount rate	4.75%	2.25%	2.50%
Salary increase rate	4.75%	4.75%	2.50%

- e) The increase or decrease in employees' benefits obligations due to changes in assumptions are as follows:

	31 December 2023	31 December 2022	01 January 2022
	SR.	SR.	SR.
Discount Rate +1%	10,001,151	7,164,998	6,734,119
Discount Rate -1%	11,179,977	8,009,530	7,504,807
Salary Increase Rate +1%	11,224,327	8,041,303	7,534,430
Salary Increase Rate -1%	9,950,592	7,128,777	6,700,343

22- Capital:

The company's capital is SR.1,000,000 divided into 100,000 equal shares of SR.10 each distributed among the partners as follows:

	Percentage of ownership	No. of shares	Share value	Total
	%	Share	SR.	SR.
Dar Al-Balad Commercial Company	100%	100,000	10	1,000,000
Capital – Exhibit A	100%	100,000		1,000,000

Dar Al Balad Maintenance and Operations Company
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Notes to the Financial Statements
For the Year Ended 31 December 2023

23- Statutory Reserves:

In accordance with the company's articles of association, 10% of net income is withheld annually as statutory reserve. The company may suspend this appropriation until the reserve reaches 30% of the capital.

24- Revenues:

The company's revenues are derived from providing services related to information systems and technical support for telecommunications and information technology software systems.

	2023	2022
	SR.	SR.
Revenue	195,474,665	157,880,908
Total – Exhibit B	195,474,665	157,880,908

25- Cost of Revenues:

The details of this item are as follows:

	2023	2022
	SR.	SR. (Restated)
Salaries, wages, and related benefits	126,797,483	105,733,736
External labor costs	5,054,488	3,185,934
Medical insurance	6,118,472	4,488,607
Social insurance contributions	3,929,951	3,572,219
Government fees	4,018,817	3,319,689
Employee benefit obligations	1,965,952	1,723,840
Consulting and IT support services	4,090,063	3,624,758
Other	2,204,309	976,295
Total – Exhibit B	154,179,535	126,625,078

26- General and Administrative Expenses:

The details of this item are as follows:

	2023	2022
	SR.	SR. (Restated)
Salaries, Wages, and Related Benefits	3,435,296	4,158,387
Hospitality and Hotels	76,486	109,048
Telephone, Internet, and Postage	78,851	76,477
Government Fees and Subscriptions	93,838	86,828
Maintenance and Repairs	17,247	22,919
Amortization of intangible assets	-	173
Depreciation of Fixed Assets	115,247	86,216
Electricity and Repairs	2,044	3,395
Travel and Transportation	58,983	157,261
Bank Fees	8,418	7,229
Advertising and Promotion	28,200	21,700
Hotel Accommodation	149,992	221,438
Withholding Tax and Value-Added Tax	1,278,718	494,066
Expected Credit Loss Expense	619,941	1,674,574
Amortization of Right-of-Use Assets	276,845	200,125
Technical Support	17,547	228,995
Legal and Professional Fees	70,500	30,000
Other	315,318	363,113
Total – Exhibit B	6,643,471	7,941,944

27- Investment Revenues:

This amount represents the value of profits from investments measured at fair value through profit or loss in investment portfolios.

Dar Al Balad Maintenance and Operations Company
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Notes to the Financial Statements
For the Year Ended 31 December 2023

28- Finance Expenses:

The details of this item are as follows:

	2023	2022
	SR.	SR. (Restated)
Bank Fees and Letters of Guarantee	334,147	334,052
Interest on Employee Benefits obligations	158,005	158,005
Interest on lease liabilities	10,410	14,118
Total – Exhibit B	502,562	506,175

29- Financial Risk Management:

Overview

The Company is exposed to the following risks arising from the use of financial instruments:

- Capital Management Risk.
- Cash with banks
- Interest rate risk
- Credit Risk.
- Liquidity Risk.
- Market Risk (including currency risk and commission rate risk).

This note shows information on the Company's exposure to the above risks, the Company's objectives, policies and procedures regarding measuring and managing risks, and managing the Company's capital. Additional quantitative disclosures have been included in these financial statements.

Risk Management:

The Board of Directors bears the full responsibility for developing and supervising Company's risk management frameworks. Company's risk management policies have been developed to identify and analyze the risks encountered by the Company. Appropriate risk limits and controls have been developed in addition to the compliance thereof. Risk management policies and rules are reviewed regularly to reflect changes in market conditions and the Company's activities.

Capital Management Risk:

The Company aims at, in managing capital, maintaining the company's ability to continue as an operating entity, achieving returns to partners and benefits to other stakeholders and maintaining an optimal capital structure that reduces the cost of capital.

Credit Risk in Bank Balances:

Credit risk arising from bank balances is considered limited, as the company maintains its relationships only with banks that have high credit ratings assigned by international credit rating agencies. Since the bank balances are held with reputable banks within the Kingdom that have strong credit standing, management does not anticipate any defaults in fulfilling their financial obligations.

The company's maximum exposure to credit risk is represented by the carrying amount of these financial instruments, as disclosed in the relevant notes.

Interest Rate Risks

Interest rate risk refers to the potential fluctuation in the fair value or cash flows of a financial instrument due to changes in interest rates. The company is primarily exposed to interest rate risks through variable-rate long-term loans. The company does not hedge against interest rate changes.

Exposure to interest rate risks arises from long-term loans with variable rates, which affect cash flows. This exposure is partially offset by cash holdings with variable interest rates.

Credit Risk:

Credit risk is the risk that one party to a financial instrument will fail to meet its financial obligations, causing a loss to the company. The company is exposed to credit risk through the book value of its assets, which includes balances with banks and other receivables and due from related parties.

Dar Al Balad Maintenance and Operations Company
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Notes to the Financial Statements
For the Year Ended 31 December 2023

Liquidity Risk:

Liquidity risk is the risk that the company may encounter difficulties in meeting obligations associated with its financial liabilities as they fall due. Liquidity requirements are monitored on a regular basis, and management ensures that sufficient funds are available to meet obligations as they become due.

The company's policy is to ensure that it always maintains sufficient cash and available credit facilities to meet its expected liquidity requirements. To achieve this objective, the company seeks to maintain adequate cash balances or committed credit lines to meet expected operational needs.

The company's current financial liabilities primarily comprise the current portion of bank facilities, trade payables, accrued expenses, and other liabilities. These obligations are expected to be settled within 12 months from the reporting date, and the company anticipates having sufficient funds to meet these obligations.

The following table summarizes the maturity profile of the company's financial obligations based on contractual payments:

Year / description	Carrying amount	Less than one year	1 to 5 Years	More than 5 years
31 December 2023	SR.	SR.	SR.	SR.
Account payable and other payables	9,558,274	9,558,274	-	-
Amounts due to related parties	173,648	173,648	-	-
Loans	9,337,711	9,337,711	-	-
Lease contract obligations	163,766	163,766	-	-
Total	19,233,399	19,233,399	-	-

Year / description	Carrying amount	Less than one year	1 to 5 Years	More than 5 years
31 December 2022	SR.	SR.	SR.	SR.
Account payable and other payables	4,495,033	4,495,033	-	-
Amounts due to related parties	270,990	270,990	163,766	-
Total	4,766,023	4,766,023	163,766	-

Year / description	Carrying amount	Less than one year	1 to 5 Years	More than 5 years
31 December 2021	SR.	SR.	SR.	SR.
Short-term loans	5,000,000	5,000,000	-	-
Account payable and other payables	3,535,187	3,535,187	-	-
Amounts due to related parties	500,000	500,000	-	-
Total	9,035,187	9,035,187	-	-

Market Risk:

Market risk represents the risk arising from changes in market prices, such as foreign exchange rates and commission rates, which may affect the company's income. The objective of market risk management is to manage and monitor market risk exposures within acceptable limits while optimizing returns.

Foreign Currency Risk:

The company is exposed to foreign exchange risk arising from exposure to various currencies, particularly due to fluctuations in exchange rates against the Saudi Riyal. Foreign currency risk primarily arises from commercial transactions. The company's policy requires management to regularly review foreign currency exposure. For monetary assets and liabilities denominated in foreign currencies, the company ensures that the net exposure to the related risks remains within acceptable levels.

Dar Al Balad Maintenance and Operations Company
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Notes to the Financial Statements
For the Year Ended 31 December 2023

Commission Rate Risk:

Commission rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market commission rates. The company's exposure to changes in market commission rates relates mainly to floating-rate borrowings. However, the company does not have any long-term borrowings, and therefore it is not exposed to long-term commission rate risk.

30- Financial assets and Financial Liabilities:

	31 December 2023	31 December 2022	01 January 2022
	SR.	SR.	SR.
Financial assets measured at amortized cost			
Less Impairment:			
Cash and cash equivalents	6,984,335	10,895,716	11,361,832
Accounts receivable	28,050,763	24,636,892	20,083,804
Other receivables	535,180	294,058	767,257
Accounts due from related parties	3,094,572	20,078,059	12,212,244
Loan to a related party	12,000,000	-	-
Investments at Fair Value Through Profit or Loss	4,610,695	873,296	-
Total	55,275,545	56,978,021	44,425,137
Financial Liabilities measured at amortized cost			
Loans	9,337,711	-	-
Accounts payable	2,784,432	123,367	81,321
Other payables	1,074,627	1,615,722	2,267,527
Accounts due to related parties	173,648	-	500,000
Total	13,370,418	1,739,089	2,848,848

31- Dividends Distribution:

Dar Al-Balad Commercial Company (the owner) decided to distribute dividends for the year ended 31 December 2023 amounting to SR.11,332,876 (2022: SR.8,000,000).

32- Contingent Liabilities:

The company has contingent liabilities related to letters of guarantee issued to the company amounting to SR. 4,043,587 as of 31 December 2023 (2022: SR. 2,149,760).

33- Subsequent Events:

- Management believes that no significant events have occurred since the end of the financial year that could have a material impact on the company's financial position.
- On 30 May 2024, the company's name was amended from Dar Al Balad for Maintenance and Operations Company – (Single Person Company) Limited Liability Company to Dar Al Balad for Business Solutions Company – (Single Person Company) Limited Liability Company.

34- Approval of Financial Statements for Issuance:

These financial statements were approved for issuance by the Board of Directors on 25 Muharram 1447 Corresponding to 20 July 2025G.

35- General:

The figures in the financial statements are rounded to the nearest Saudi Riyal.

Dar Al Balad for Business Solutions Company
(Formerly: Dar Al Balad Maintenance
& Operation Company)
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia

Financial Statements
For the Year Ended 31 December 2024
And Independent Auditor's Report

Dar Al Balad for Business Solutions Company
(Formerly: Dar Al Balad Maintenance & Operation Company)
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia

Index

	Page	Exhibit
Independent Auditor's Report	1-2	--
Statement of Financial Position as of 31 December 2024	3	A
Statement of Comprehensive Income for the Year Ended 31 December 2024	4	B
Statement of Changes in Equity for the Year Ended 31 December 2024	5	C
Statement of Cash Flows for the Year Ended 31 December 2024	6	D
Notes to Financial Statements for the Year Ended 31 December 2024	7-31	--

مكتب طلال أبوغزالة وشركاه محاسبون قانونيون
Talal Abu-Ghazaleh & Co. Certified Public Accountants
 Professional Register No. 1010424464 سجل شركة مهنية رقم ١٠١٠٤٢٤٤٦٤



Independent Auditor's Report

To the Owner
Dar Al Balad for Business Solutions Company
 (Formerly: Dar Al-Balad Maintenance and Operation Company)
 (A Single-Person Company)
 A Limited Liability Company
 Kingdom of Saudi Arabia

Opinion:

We have audited the financial statements of **Dar Al Balad for Business Solutions Company (Formerly: Dar Al Balad Maintenance and Operation Company) – (the "Company") – (A Single-Person Company) – A Limited Liability Company** which comprise the statement of financial position as of 31 December 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted in the Kingdom of Saudi Arabia and other pronouncements and Standards endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

Basis for Opinion:

We conducted our audit in accordance with International Standards on Auditing endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Code of Ethics of Professional Accountants (including International Independence Standards) and we have fulfilled our other 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.

Emphasis of Matter:

On 30 May 2024, the company's name was amended from Dar Al Balad Maintenance and Operation Company – (A Single-Person Company) - A Limited Liability Company to Dar Al Balad for Business Solutions Company – (A Single-Person Company) - A Limited Liability Company – Note (1/b).

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 the IFRS as adopted in the Kingdom of Saudi Arabia and other pronouncements and Standards endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA) and Companies' Regulation and Company's By-law and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (board of directors) are responsible for overseeing the Company's financial reporting process.

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شارع العليا العام - بجوار وزارة الداخلية
 هاتف : +٩٦٦ ١١ ٤٦٤ ٢٩٣٦
 فاكس : +٩٦٦ ١١ ٤٦٥ ٩٩١٥
 ص.ب. ٩٧٦٧ الرياض ١١٤٢٣ - المملكة العربية السعودية

Independent Auditor's Report to the Owner of Dar Al Balad for Business Solutions Company (Formerly: Dar Al Balad Maintenance and Operation Company) – (the 'Company') – (A Single-Person Company) – A Limited Liability Company as of 31 December 2024 (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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

For Talal Abu-Ghazaleh & Co.


Waleed A. Bamarouf

Certified Public Accountant
License No. 408



13 Ramadan 1446 H.
13 March 2025 G.



Dar Al Balad for Business Solutions Company
(Formerly: Dar Al Balad Maintenance & Operation Company)
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Statement of Financial Position
As of 31 December 2024

Exhibit A

	Note	2024 SR.	2023 SR.
Assets			
Current Assets			
Cash and cash equivalents	(6)	24,018,509	6,984,335
Trade receivables	(7)	46,366,158	28,050,763
Other debit balances	(8)	8,750,637	5,603,939
Due from related parties	(9/a)	647,514	3,094,572
Loan to related parties - owner	(9/b)	—	12,000,000
Investment portfolios at fair value through profit or loss	(10)	12,941,172	16,069,687
Unbilled revenue	(11)	24,483,555	17,009,036
Total Current Assets		117,207,545	88,812,332
Non-Current Assets			
Property, plant, and equipment, net	(12)	389,565	390,233
Intangible assets, net	(13)	—	—
Right-of-use assets, net	(14)	263,774	193,568
Investments in equity instruments at fair value through profit or loss	(15)	12,000,000	—
Total Non-Current Assets		12,653,339	583,801
Total Assets		129,860,884	89,396,133
Liabilities and Equity			
Current Liabilities			
Short-term loans	(16)	—	9,427,047
Trade payables	(17)	974,899	2,784,432
Due to related parties	(9/c)	—	173,648
Other credit balances	(18)	11,037,385	6,750,898
Lease liabilities – current portion	(14)	137,346	163,766
Provision for estimated zakat	(19/c)	2,919,985	2,119,819
Total Current Liabilities		15,069,615	21,419,610
Non-Current Liabilities			
Lease liabilities – non-current portion	(14)	103,000	—
Long-term employee benefit obligations	(20)	10,015,102	10,558,208
Total Non-Current Liabilities		10,118,102	10,558,208
Total Liabilities		25,187,717	31,977,818
Equity			
Capital	(21)	50,000,000	1,000,000
Additional capital contributions		10,000,000	—
Statutory reserve	(22)	4,260,797	300,000
Retained earnings		40,412,370	56,118,315
Total Equity – Exhibit C		104,673,167	57,418,315
Total Liabilities and Equity		129,860,884	89,396,133

**The Accompanying Notes from (1) to (34) Constitute an Integral Part of
These Financial Statements**



Dar Al Balad for Business Solutions Company
(Formerly: Dar Al Balad Maintenance & Operation Company)
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Statement of Comprehensive Income
For the Year Ended 31 December 2024

Exhibit B

	Note	2024	2023
		SR	SR
Revenue	(23)	243,325,288	195,474,665
Cost of revenue	(24)	(197,641,332)	(154,179,535)
Gross Profit		45,683,956	41,295,130
General and administrative expenses	(25)	(6,071,729)	(6,643,471)
Operating Profit		39,612,227	34,651,659
Other income		394,675	217,257
Investment income	(26)	3,472,007	147,269
Finance costs	(27)	(1,011,314)	(502,562)
Income for the year before estimated Zakat		42,467,595	34,513,623
Estimated Zakat	(19/a)	(2,859,621)	(2,059,455)
Profit for the Year – Exhibit C		39,607,974	32,454,168
<u>Other Comprehensive Income</u>			
Items that will not be subsequently reclassified to profit or (loss):			
Gains/(Losses) on remeasurement of employee benefit obligations	(20)	2,646,878	(968,349)
Total Other Comprehensive Income/(Loss) for the Year		2,646,878	(968,349)
Total Comprehensive Income for the Year		42,254,852	31,485,819

The Accompanying Notes from (1) to (34) Constitute an Integral Part of
These Financial Statements

Dar Al Balad for Business Solutions Company
(Formerly: Dar Al Balad Maintenance & Operation Company)
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Statement of Change in Equity
For the Year Ended 31 December 2024

Exhibit C

	Share Capital	Additional Capital Contributions	Statutory Reserve	Retained Earnings	Total
	SR.	SR.	SR.	SR.	SR.
Equity as of 1 January 2023	1,000,000	14,217,166	300,000	35,965,372	51,482,538
Dividend distributions*	--	--	--	(11,332,876)	(11,332,876)
Profit for the year 2023	--	--	--	32,454,168	32,454,168
Other comprehensive (loss)	--	--	--	(968,349)	(968,349)
Total Comprehensive Income – Exhibit B	--	--	--	31,485,819	31,485,819
Transfer of additional capital contribution to a related party (owner) account	--	(14,217,166)	--	-	(14,217,166)
Equity as of 31 December 2023 – Exhibit A	1,000,000	--	300,000	56,118,315	57,418,315
Dividend distributions*	--	--	--	(5,000,000)	(5,000,000)
Profit for the year 2024	--	--	--	39,607,974	39,607,974
Other comprehensive income	--	--	--	2,646,878	2,646,878
Total Comprehensive Income – Exhibit B	--	--	--	42,254,852	42,254,852
Transfer to statutory reserve	--	--	3,960,797	(3,960,797)	--
Increase in share capital – Note (21)	49,000,000	--	--	(49,000,000)	--
Additional capital contributions	--	10,000,000	--	--	10,000,000
Equity as of 31 December 2024 – Exhibit A	50,000,000	10,000,000	4,260,797	40,412,370	104,673,167

* On 31 December 2024, the owner decided to distribute dividends amounting to SR 5,000,000 (2023: dividends amounting to SR 11,332,876 were distributed to the owner).

The Accompanying Notes from (1) to (34) Constitute an Integral Part of
These Financial Statements

Dar Al Balad for Business Solutions Company
(Formerly: Dar Al Balad Maintenance & Operation Company)
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Statement of Cash Flows
For the Year Ended 31 December 2024

Exhibit D

	2024	2023
	SR	SR
Cash Flows from Operating Activities		
Profit for the year	39,607,974	32,454,168
Adjustments for non-cash income and expense:		
Depreciation of property, plant, and equipment	120,236	115,247
Charged to expenses for employee benefit obligations	3,253,651	1,965,952
Amortization of right-of-use assets	216,894	276,845
Charged to expenses for impairment of accounts receivable	306,025	619,941
Charged to expenses for estimated Zakat	2,859,621	2,059,455
Finance costs	468,884	168,415
	46,833,285	37,660,023
Changes in operating assets and liabilities:		
Accounts receivable	(18,621,420)	(3,833,812)
Other debit balances	(3,146,698)	(3,542,184)
Due from related parties	2,447,058	(9,233,679)
Unbilled revenue	(7,474,519)	(11,316,836)
Due to related parties	(173,648)	173,648
Accounts payable	(1,809,533)	2,661,065
Other credit balances	4,286,487	2,379,232
Cash Flows from Operations	22,341,012	14,947,457
Employee benefit obligations – paid	(1,613,083)	(98,183)
Provision for estimated zakat – paid	(2,059,455)	(1,302,401)
Net Cash from Operating Activities	18,668,474	13,546,873
Cash Flows from Investing Activities		
Net movement in investments at fair value through profit or loss	3,128,515	(15,196,391)
Additions to property, plant, and equipment	(119,568)	(74,634)
Net Cash from / (used in) Investing Activities	3,008,947	(15,271,025)
Cash Flows from Financing Activities		
Dividend distributions	(5,000,000)	(11,332,876)
Repayment of short-term loans	(9,427,047)	9,427,047
Additional capital contributions	10,000,000	--
Lease settlement	(216,200)	(281,400)
Net Cash Used in Financing Activities	(4,643,247)	(2,187,229)
Net Increase / (decrease) in Cash and Cash Equivalents	17,034,174	(3,911,381)
Cash and cash equivalents at beginning of year	6,984,335	10,895,716
Cash and Cash Equivalents at End of Year – Exhibit A	24,018,509	6,984,335
Supplementary Information on Non-Cash Activities:		
Transfer of additional capital contributions to a related party (owner) account	--	14,217,166
Increase in share capital from retained earnings	49,000,000	--
Investments at fair value through profit or loss	12,000,000	--

**The Accompanying Notes from (1) to (34) Constitute an Integral Part of
These Financial Statements**

Dar Al Balad for Business Solutions Company
(Formerly: Dar Al Balad Maintenance & Operation Company)
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Notes to the Financial Statements
For the Year Ended 31 December 2024

1- Formation and Nature of Business:

- a) **Dar Al Balad for Business Solutions Company (formerly: Dar Al Balad Maintenance and Operation Company) – (A Single-Person Company) – A Limited Liability Company** (hereinafter referred to as the “Company”) was established in Riyadh under unified number 7002303746 and Commercial Registration No. 1010168374, issued on 09/11/1442 H. valid until 09/11/1540 H. and to practice the company’s activity in operation and maintenance of buildings, installation and extension of computer and wired/wireless communication networks, maintenance and operation of electrical and electronic facilities and computers, installation and maintenance of machines and equipment, and computer telephony operations.

The financial statements include the assets, liabilities, and results of operations of the company and the following branches:

Branch Name	Commercial Registration Number	Registration Date (Hijri)	Issued Location
Dar Al-Balad Company for Communications and Information Technology	4030263432	14/03/1435 H.	Jeddah
Durar Al-Balad Company for Contracting	1010355941	12/01/1434 H.	Riyadh
Da’irat Al-Balad Company for Trading	1010218342	18/03/1427 H.	Riyadh

The financial statements represent the assets, liabilities, and results of operations of the commercial registrations listed above only.

- b) On 30 May 2024, the company’s name was amended from Dar Al Balad Maintenance and Operation Company – (A Single-Person Company) - A Limited Liability Company to Dar Al Balad for Business Solutions Company – (A Single-Person Company) - A Limited Liability Company.
- c) **The company’s registered address is as follows:**
Riyadh - Al Olaya District
P.O. Box: 285121, Riyadh: 11323
Kingdom of Saudi Arabia

2- Basis for Preparation:

Statement of Compliance with IFRS:

These financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee and the International Accounting Standards Board (IASB) endorsed in the Kingdom of Saudi Arabia, in addition to other standards issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA) (hereinafter referred to as “IFRS adopted in KSA”).

Basis of Presentation and Measurement:

These financial statements were prepared on the historical cost basis and using the accrual basis, except for employee benefits obligations, which were measured at the present value of future obligations, and investments measured at fair value through profit or loss.

Functional and Presentation Currency and Foreign Currency Translation:

The financial statements are presented in Saudi Riyal, which is the company’s functional currency. Transactions in foreign currencies are initially recorded at the spot rates of the functional currency at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the spot rates of the functional currency at the date of the financial statements. Differences arising from the settlement or translation of monetary items are recognized in profit or loss.

Fair Value Measurement:

Fair value is the price received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of an asset or liability is measured assuming that market participants will benefit when pricing the assets and liabilities and will act in their best economic interests.

Dar Al Balad for Business Solutions Company
(Formerly: Dar Al Balad Maintenance & Operation Company)
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Notes to the Financial Statements
For the Year Ended 31 December 2024

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses evaluation methods appropriate to circumstances, for which sufficient data are available to measure fair value, along with increasing use of observable inputs and reducing use of non-observable inputs.

All assets and liabilities measured at fair value or disclosed in financial statements are classified under the below fair value hierarchy levels and based on the lowest level inputs that are significant to measuring fair value as a whole:

- Level 1: Quoted prices in an active market for identical assets or liabilities.
- Level 2: Evaluation methods from which the lowest level inputs that are significant to measuring fair value are observable, whether directly or indirectly.
- Level 3: Evaluation methods for which the lowest level inputs that are significant to measuring fair value are unobservable.

For the purpose of fair value disclosures, the Company identified categories of assets and liabilities based on the nature, characteristics and risks of those assets or liabilities and the above fair value hierarchy levels.

3- Use of Accounting Estimates, Judgments, and Assumptions:

The preparation of these financial statements in accordance with International Financial Reporting Standards (IFRS) requires the use of estimates, judgments, and assumptions that may affect the reported amounts of assets, liabilities, revenues, expenses, and disclosures of contingent assets and liabilities as of the financial statement date. These estimates are based on management's best knowledge of current events and activities, but actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis, with changes in accounting estimates recognized in the period of the change and future periods if affected. The following are key assumptions concerning the future and primary sources of estimation uncertainty at the reporting date that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities in future periods.

Employee Benefits:

The Company's end-of-service benefits program is classified as a defined benefit plan and is unfunded. The obligation recognized in the statement of financial position for this defined benefit end-of-service program represents the present value of the defined benefit obligation at the end of the reporting period. This obligation is calculated annually by an independent actuary using the projected unit credit method. Actuarial gains and losses arising from actuarial assumptions are recognized in other comprehensive income in the period they occur. Past and current service costs and net interest are recognized immediately in profit or loss.

Estimated Useful Lives of Property, Plant, and Equipment

The cost of property, plant, and equipment is depreciated on a systematic basis over their estimated useful lives. Management reviews the useful lives and depreciation methods annually to ensure they reflect the expected pattern of economic benefits. Useful lives are determined based on the following factors:

- Expected usage of the asset.
- Anticipated physical wear, which depends on operational and environmental factors.
- Legal or similar restrictions on the use of the assets.
- Management has not assigned a residual value to these assets due to their immateriality.

Impairment of Trade Receivables:

The Company assesses whether there are indicators of measurable impairment in the estimated future cash flows of trade receivables. A provision for impairment is recognized based on the expected credit loss (ECL) model, requiring reasonable judgments about factors such as the age and quality of receivables, available collateral, and customer credit ratings. Additionally, the impact of changes in economic indicators and data is considered in the ECL model.

Dar Al Balad for Business Solutions Company
(Formerly: Dar Al Balad Maintenance & Operation Company)
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Notes to the Financial Statements
For the Year Ended 31 December 2024

Zakat Provision:

Zakat on ordinary activities is calculated as the total zakat liability. The calculation of zakat involves a degree of estimation for certain items that cannot be definitively determined until a decision is reached with the Zakat, Tax, and Customs Authority (ZATCA) or based on relevant legal rulings. Final settlements of these items may result in profits, losses, or cash flow adjustments.

Provisions:

Provisions, by their nature, rely on estimates and evaluations to determine whether recognition criteria are met, including estimating probable amounts payable. Provisions for legal claims are based on estimated costs, considering legal advice and other currently available information. Provisions for end-of-service benefits and exit costs, if applicable, involve management's judgment in estimating expected cash outflows. Provisions for uncertain liabilities reflect management's best estimates of probable cash outflows.

Fair Value Measurement:

Fair value represents 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 under current market conditions, whether that price is directly observable or determined by using another valuation technique. Fair value measurement is based on the assumption that the transaction to sell the asset or transfer the liability occurs either:

- In the principal market for the asset or liability; or
- In the most advantageous market for the asset or liability in the absence of a principal market.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their best economic interest.

Unbilled Revenue:

The use of the percentage-of-completion method for recognizing contract revenue requires additional estimates of revenues, costs, profits, and amounts to be recognized in each accounting period. These estimates may be revised throughout the contract term and are reviewed regularly based on customer change orders.

4- Material Accounting Policy Information:

The accounting policies outlined below have been applied consistently across all periods presented. The following are the material accounting policies applied:

Classification of Assets and Liabilities as Current and Non-Current

The Company presents its assets and liabilities in the statement of financial position as "current / non-current". Assets shall be deemed current:

- When it is expected to be realized in, or is intended for sale or consumption in, the normal operating cycle;
- The assets is held mainly for the purpose of trading.
- When it is expected to be realized within twelve months after the reporting period, or
- When it is cash and cash equivalents, unless it is restricted from being exchanged or used to settle any liabilities for at least twelve months after the reporting period.

All other assets shall be classified as non-current.

Liabilities shall be deemed current when they mature within twelve months after the reporting period.

The Company classifies all other liabilities as non-current liabilities.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Dar Al Balad for Business Solutions Company
(Formerly: Dar Al Balad Maintenance & Operation Company)
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Notes to the Financial Statements
For the Year Ended 31 December 2024

Property, Plant and Equipment:

Items of property, plant and equipment are stated in the statement of financial position at cost less accumulated depreciation and impairment in value, if any.

Depreciation is calculated on these assets, except land, on a straight line basis so as to allocate the cost of the assets less their residual values over their estimated useful lives using the following annual depreciation rates:

Asset	Depreciation
Motor vehicles	25%
Office equipment	25%
Furniture and fixtures	10%

At each statement of financial position date, an assessment is made to determine whether there are any indicators of impairment for non-current assets. If such indicators exist, the recoverable amount of the asset is estimated to determine the extent of any impairment loss. In cases where the recoverable amount of the individual asset cannot be estimated, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the estimated recoverable amount of an asset or cash-generating unit is less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. The impairment loss is recognized as an expense in the income statement in the financial year in which it occurs. If, in a subsequent period, an impairment loss recognized previously is reversed, the carrying amount of the asset or cash-generating unit is increased to its revised recoverable amount, provided that this increased carrying amount does not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized in prior years. The reversal of an impairment loss is recognized as income in the income statement in the financial period in which it occurs.

Right-of-Use Assets and Lease Liabilities

The Company recognizes right-of-use assets and lease liabilities for its operating leases of various contract types. Each lease payment is allocated between the liability and finance cost. Finance costs are charged to profit or loss over the lease term to produce a constant periodic rate of interest on the remaining balance of the liability. Right-of-use assets are depreciated over the shorter of the asset's useful life or the lease term on a straight-line basis.

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

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

Lease liabilities include the net present value of:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable payments based on an index or rate;
- Amounts expected to be paid under residual value guarantees;
- The exercise price of a purchase option if the lessee is reasonably certain to exercise it, and penalties for terminating the lease if the lessee exercises that option.

Lease payments are discounted using the incremental borrowing rate, which represents the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. Payments associated with short-term leases and leases of low-value assets are recognized as an expense in the statement of comprehensive income on a straight-line basis.

Short-term leases are lease contracts with a lease term of 12 months or less.

The terms of lease contracts are renegotiated on an individual basis and include a wide range of different terms and conditions. Lease agreements do not impose any covenants, and leased assets are not used as collateral for borrowing purposes.

Related Parties:

The Company identifies related parties in accordance with IAS 24, "Related Party Disclosures." Transactions with related parties involve the transfer of resources, services, or obligations between the Company and related parties, regardless of whether a price is charged. The terms and conditions of these transactions are approved by the Company's management.

Dar Al Balad for Business Solutions Company
(Formerly: Dar Al Balad Maintenance & Operation Company)
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Notes to the Financial Statements
For the Year Ended 31 December 2024

Revenue Recognition:

In accordance with International Financial Reporting Standard (IFRS) 15, the terms “contract assets” and “contract liabilities” are used to describe what was previously referred to as accrued revenue and deferred revenue. Revenue is measured based on the consideration specified in a contract with a customer, excluding amounts collected on behalf of third parties. The Company recognizes revenue when control of a good or service is transferred to the customer. The principles of IFRS 15 are applied using the following five-step model:

Step 1: Identify the Contract

A contract is identified when the following conditions are met:

- The contract is approved and all parties are committed to it.
- The rights of each party are identified.
- Payment terms are specified.
- The contract has commercial substance.
- It is probable that the consideration will be collected.

Step 2: Identify Performance Obligations

All goods or services agreed upon in the contract are identified, and a determination is made as to whether each agreed-upon good or service constitutes a separate performance obligation. A good or service is considered distinct and separated from other obligations in the contract if:

- The customer can benefit from the good or service either on its own or together with other readily available resources.
- The good or service is separately identifiable from other goods or services in the contract.

Step 3: Determine the Transaction Price

The transaction price is the amount the Company expects to be entitled to in exchange for transferring the agreed-upon goods or services to the customer.

Step 4: Allocate the Transaction Price

The transaction price is allocated to each performance obligation based on the standalone selling price of the goods or services provided to the customer.

Step 5: Recognize Revenue

Revenue is recognized when the customer obtains control of the good or when the service is performed.

Revenue is recognized when performance obligations are satisfied in accordance with the terms of the contract with the customer. This occurs when the performance obligations are fulfilled, and control is transferred to the customer, typically upon delivery of goods or performance of services. Control may be transferred at a point in time or over time. When performance obligations are satisfied over time, the Company measures progress toward completion of the contract using input or output methods that best reflect the work completed.

Expenses:

Expenses incurred by the Company consist of cost of sales and general and administrative expenses. Expenses related to the Company’s revenue-generating efforts are classified as cost of sales, while those related to administration and not directly tied to sales are classified as general and administrative expenses. Common expenses, if necessary, are allocated between cost of sales and general and administrative expenses on a consistent basis. The accrual basis is applied to charge general and administrative expenses to the financial period.

Dar Al Balad for Business Solutions Company
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(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Notes to the Financial Statements
For the Year Ended 31 December 2024

Zakat Provision:

Zakat is calculated and recognized in profit or loss for each financial period in accordance with Zakat, Tax, and Customs Authority (ZATCA) regulations. The zakat provision is adjusted upon receipt of the final zakat assessment, with differences recognized in profit or loss in the period the final assessment is received.

Value-Added Tax (VAT):

VAT represent the difference between output VAT on taxable sales and input VAT on taxable purchases and expenses. The net difference is settled with the Zakat, Tax, and Customs Authority (ZATCA).

Borrowing Costs:

The Company recognizes all borrowing costs as an expense in the statement of comprehensive income in the period in which they are incurred.

Provisions and Contingent Items:

Provisions are recognized when the Company has a present legal or constructive obligation arising from past events, it is probable that an outflow of economic resources will be required to settle the obligation, and the amount can be reliably estimated. If the Company expects reimbursement for some or all of a provision, the reimbursement is recognized as a separate asset only when virtually certain. Expenses related to provisions are presented in profit or loss, net of any reimbursements. If the time value of money is material, provisions are discounted using a current pre-tax rate reflecting specific risks to the obligation, with increases due to the passage of time recognized as finance costs. Provisions for future operating losses and contingent assets and liabilities are not recognized.

Dividends:

Dividends distributed to the Company's shareholders are recognized as liabilities in the financial statements in the period in which they are approved by the owner.

Cash and Cash Equivalents:

Cash and cash equivalents comprise cash in hand, cash at banks, and highly liquid investments with original maturities of three months or less.

Trade and Other Receivables:

Most sales are made on normal credit terms and do not bear interest. If credit is extended beyond normal terms, receivables are measured at amortized cost using the effective interest method. At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is objective evidence of non-recoverability. If such evidence exists, an impairment loss is recognized immediately in profit or loss.

Trade and Other Payables:

Trade payables are obligations on normal credit terms and do not bear interest. Interest-bearing liabilities are subsequently measured at amortized cost using the effective interest method.

Financial instruments at fair value through profit or loss:

Financial assets at fair value through profit or loss include financial assets at cost for trading, financial assets designated at fair value through profit or loss upon initial recognition, and financial assets that are mandatorily measured at fair value. Financial assets are classified as "held for trading" if they are acquired for the purpose of selling or repurchasing in the near future. Financial assets at fair value through profit or loss are recorded in the statement of financial position at fair value, and net changes in fair value are recognized in the statement of profit or loss. Financial assets at fair value through profit or loss consist of short-term investments in a discretionary portfolio managed by the Company, acquired primarily for the purpose of selling and repurchasing in the near term.

For securities traded on organized financial markets, fair value is determined by reference to quoted market bid prices at the close of business on the reporting date.

For securities that are not traded on the financial markets, a reasonable estimate is made by management for its fair value.

Dar Al Balad for Business Solutions Company
(Formerly: Dar Al Balad Maintenance & Operation Company)
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Notes to the Financial Statements
For the Year Ended 31 December 2024

Financial Instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity or financial liabilities or equity instrument of another entity.

Financial Assets:

Financial assets include:

- Cash.
- A contractual right to receive a financial asset from another entity (receivables)
- A contractual right to exchange financial instruments with another entity under favorable conditions of entity.
- A non-derivative contract where the entity is or may be required to receive a variable number of entity's own equity instruments.

Classification and Initial Recognition:

An entity classifies its financial assets in the following measurement categories:

- Financial assets that are subsequently measured at fair value (either through statement of income (FVSI) or other comprehensive income (FVTOCI))
- Financial assets measured at amortized cost.

Classification is based on the business model used in the entity for managing financial assets and contractual terms of cash flows.

For assets measured at fair value, gains or losses are recognized either in the statement of income or other comprehensive income. For investment in debt instruments, it depends on the business model of this investment. For investment in equity instruments, it depends on whether the entity has made an irrevocable choice at the time of initial recognition of equity instruments at FVTOCI. The entity reclassifies debt instruments only when its business model changes to manage those assets.

At initial recognition, an entity measures its financial assets (not classified as fair value through statement of income) at fair value plus transaction costs directly attributable to the acquisition of financial assets. In the case of financial assets classified as at FVSI, transaction costs are recognized in the statement of income.

Subsequent Measurement of Financial Assets:

Equity Instruments:

- All equity investments are to be measured at fair value and if the entity's management decides to present fair value gains or losses on equity investments within other comprehensive income, the gains/(losses) on fair values cannot be reclassified subsequently in the statement of income. Dividend from the investment are recognized as income when the entity's right to receive payments is established.
- Impairment losses and reversal of impairment losses on equity investments measured at FVTOCI are not treated separately from other changes in fair value.
- Changes in the fair value of financial assets at (FVTPL) are recognized in other income in the statement of income as appropriate.

Debt Instruments:

Subsequent measurement for debt instruments is based on the entity's business model for asset management and cash flow characteristics of assets. There are three measurement categories and the entity classifies debt instruments by:

- Amortized cost:
Financial assets held for contractual cash flows represent the original investment and related interest thereon and are measured at amortized cost. Gains or losses on debt instruments at amortized cost that are not part of a hedging relationship are recognized in profit or loss when it is derecognized or impaired.
Interest income from financial assets is recognized using the effective interest rate method.

Dar Al Balad for Business Solutions Company
(Formerly: Dar Al Balad Maintenance & Operation Company)
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Notes to the Financial Statements
For the Year Ended 31 December 2024

- Fair value through other comprehensive income (FVOCI):
Financial assets held for contractual cash flows and for sale, where cash flows represent the investment asset and interest thereon and are measured at FVOCI.
Changes in fair value are recognized through other comprehensive income except for the recognition of gains or losses relating to impairment, interest income and foreign exchange gains / losses in the statement of income. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is transferred from equity to income statement, recognized as other gains or losses and interest income from financial assets and treated as financial interest using the effective interest rate method.
- Fair value through statement of income (FVSI):
Assets that do not meet amortized cost or FVOCI are measured at fair value through statement of income. Gains or losses arising from subsequent measurement of investment in debt instruments are recognized at fair value through statement of income that is not part of a hedging relationship within the statement of income. They are recognized as net gains or losses in the period in which they arise. Interest income from these financial assets is recognized as financial interest.

Effective Interest Method:

The effective interest method is a method for calculating the amortized cost of a debt instrument and allocating interest revenue over the relevant period. The effective interest rate is the rate that discounts future cash payments received through the life expectancy of the debt instrument or, if appropriate, in the shorter period to carrying amount at initial recognition.

Impairment:

- The entity assesses expected future credit losses for financial assets at amortized cost and FVOCI. The impairment methodology applied depends on whether there is a significant increase in credit risk.
- For trade receivables only, the entity applies the “simplified approach” permitted by IFRS 9, which requires the recognition of lifetime expected losses in initial recognition of receivables.

Financial Liabilities:

Financial liabilities include:

- A contractual obligation to deliver cash or another financial asset to another entity.
- A contractual obligation to exchange financial instruments with another entity under conditions that are potentially unfavorable to the entity.
- A non-derivative contract where the entity is obliged to provide a variable number of entity's own equity instruments.

Initial Recognition:

Financial liabilities are recognized initially at fair value. The financial liabilities of the entity include trade payables, other payables and long-term loans from the government at a lower market rate.

Subsequent Measurement:

The entity classifies all financial liabilities after initial recognition at amortized cost.

Offsetting Financial Instruments:

Financial assets and liabilities shall be offset and the net amount presented in the statement of financial position only when there is a current enforceable right to settle the amounts recognized and when there is an intention to settle on a net basis or to liquidate assets and settle liabilities simultaneously.

Dar Al Balad for Business Solutions Company
(Formerly: Dar Al Balad Maintenance & Operation Company)
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Notes to the Financial Statements
For the Year Ended 31 December 2024

Disposal of Financial Assets and Liabilities:

- An entity derecognizes a financial asset only when the contractual rights to cash flows from the asset expire or when it transfers the financial asset and all the risks and rewards of ownership thereof to another party. If an entity neither transfers nor retains all risks and rewards of ownership and continues to control the asset, the entity recognizes its share held in the asset and the liability for the amounts it may pay. If an entity retains substantially all risks and rewards of ownership of the financial asset, the entity continues to recognize the financial asset and recognize the associated liability.
- On derecognition of a financial asset measured at amortized cost, the difference between the carrying amount of the asset and the amount of the consideration received and receivable is recognized in the statement of income. In addition, upon derecognition of an investment in a debt instrument classified as FVOCI, the cumulative gain or loss previously recognized in the revaluation reserve is reclassified to profit or loss. Upon derecognition of an investment in equity instruments that the Company has chosen to recognize initially by measuring at (FVOCI), the cumulative gain or loss recognized in the investment revaluation reserve is not classified as profit or loss, but are converted to retained earnings.
- Financial liabilities are derecognized only when the liabilities are discharged, canceled, expired or invalidated. The difference between the carrying amounts of the financial liabilities and the amounts paid and required, including any non-monetary assets transferred or liabilities recognized in the statement of income, is recognized.

Post-Employment Benefits:

Defined-Contribution Plan:

The Company contributes to the pension and social insurance of its employees in accordance with the Saudi Labor Law. The Company recognizes its share of fixed contributions to the General Organization for Social Insurance (GOSI) each month as expenses. The Company has no legal or constructive obligation to pay any additional contributions, and its sole obligation is to pay the contributions when they become due.

End of Service Benefit Provision:

These benefits represent an end-of-service reward program for employees. The amounts payable are calculated under the Saudi Labor Law to compensate employees for their accumulated service periods. The Company's net obligations regarding unfunded defined benefit plans for employees ("the obligations") are calculated by estimating the future benefit amounts employees will receive for their services in the current and prior periods, with the benefits being discounted to determine their present value, along with any unrecorded past service costs.

The discount rate used equals the market return on government bonds at the financial statements date that have maturity dates approximating the terms of the Company's obligations. The cost of providing benefits under unfunded defined benefit plans for employees is determined using the Projected Unit Credit Method to calculate the present value of the Company's obligations.

The obligations under unfunded defined benefit plans consist of the present value of the obligations adjusted for any costs related to past services not yet recognized and any unrecognized actuarial gains/losses. Currently, there are no past service costs.

There are no unrecognized remeasurement gains or losses, as all remeasurement gains or losses have been recognized as income or expenses in the other comprehensive income statement during the period in which they arose.

Dar Al Balad for Business Solutions Company
(Formerly: Dar Al Balad Maintenance & Operation Company)
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Notes to the Financial Statements
For the Year Ended 31 December 2024

5- Adoption of new and amended International Financial Reporting Standards (IFRS):

New and amended International Financial Reporting Standards (IFRS) that become effective:

The following new and amended International Financial Reporting Standards (IFRS) that became effective for financial periods beginning on or after January 1, 2024, have been applied in the preparation of the company's financial statements. These standards did not have a material impact on the amounts and disclosures presented in the current year's financial statements, as follows:

IFRS or Interpretation	Effective Date
Amendments to International Accounting Standards No.1: Classification of liabilities as current and non-current; and non-current liabilities with covenants.	1 January 2024
Amendments to International Financial Reporting Standard (16): Lease Liability in a Sale and Leaseback transactions	1 January 2024
Amendments to International Accounting Standard 7 and International Financial Reporting Standard 7: Enhanced disclosures about an entity's supplier finance arrangements.	1 January 2024

New and revised IFRSs and Interpretations that are not yet effective.

The company did not adopt any of the following new amended standards that were issued but not yet effective:

IFRS or Interpretation	Effective Date
Amendments to International Financial Reporting Standard No. (10) and International Accounting Standard No. (28): Sale or Contribution to Assets between investors and an associate or joint venture	Effective date postponed indefinitely.
IFRS (S1) – General requirements for the disclosure of sustainability-related financial information, and IFRS (S2) – Climate-related disclosures.	01 January 2024 (The application depends on the regulatory authorities adopting the two standards)
Amendments to International Accounting Standard (21) Lack of Exchangeability	1 January 2025
Amendments to classification and measurement of financial instruments (amendments to IFRS 7 and 9)	1 January 2026
International Financial reporting Standard no 18 – Presentation and Disclosure in financial Statements	1 January 2027
International Financial Reporting Standards no 19 – Disclosure in subsidiaries without public accountability	1 January 2027

The management of the Company is assessing the impact of applying those standard on the financial statements when applied in future financial periods.

Dar Al Balad for Business Solutions Company
(Formerly: Dar Al Balad Maintenance & Operation Company)
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Notes to the Financial Statements
For the Year Ended 31 December 2024

6- Cash and Cash Equivalents:

The details of this item are as follows:

	2024	2023
	SR.	SR.
Current accounts with local banks in Saudi Riyal	402,024	6,984,335
Cash held in investment portfolios	23,616,485	-
Total – Exhibit A	24,018,509	6,984,335

7- Accounts Receivable, Net:

a) The details of this item are as follows:

	2024	2023
	SR.	SR.
Accounts receivable	51,600,389	32,978,969
Provision for impairment of receivables – Note (7/b)	(5,234,231)	(4,928,206)
Total – Exhibit A	46,366,158	28,050,763

b) The movement in the provision for impairment of receivable is as follows:

	2024	2023
	SR.	SR.
Balance at the beginning of the year	4,928,206	5,560,406
Charge for the year	306,025	619,941
Utilized during the year	-	(1,252,141)
Balance at the end of the year – Note (7/a)	5,234,231	4,928,206

c) The following is an aging analysis of accounts receivables based on the Company's provision matrix as of 31 December:

Year	Total	0-89 Days	90-179 Days	180-269 Days	270-359 Days	Over 359 Days
2024	51,600,389	37,414,249	9,054,832	1,903,777	655,695	2,571,836
2023	32,978,969	24,766,220	6,133,286	1,152,416	132,825	794,222

8- Other Debit Balances:

The details of this item are as follows:

	2024	2023
	SR.	SR.
Prepaid expenses	4,588,715	2,450,748
Employee advances	489,389	535,180
Advance payments to suppliers	-	66,656
Value-added tax (VAT) receivable	3,672,533	2,551,355
Total – Exhibit A	8,750,637	5,603,939

Dar Al Balad for Business Solutions Company
(Formerly: Dar Al Balad Maintenance & Operation Company)
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Notes to the Financial Statements
For the Year Ended 31 December 2024

9- Related Parties:

- a) The company deals in its ordinary course of business with related parties which include entities related to company's owner. Transaction with related parties occurred at prices and payment terms estimated and approved by the company's management. The movements in these accounts are summarized below:

	Nature of relationship	Movement during the year		2024	2023
		Debit	Credit		
		SR.	SR.	SR.	SR.
Dar Al-Balad Commercial Company	Owner	40,111,841	40,705,873	20,000	614,032
Diesel Equipment Company	Affiliated Company	137,190	148,640	1,789	13,240
Dar Al-Balad for Contracting and Operations	Affiliated Company	43,609,283	43,415,635	20,000	--
Dar Chem Group Company	Affiliated Company	20,700	175,641	--	154,941
Dar Chemicals Company	Affiliated Company	--	150,000	169,967	319,967
Direct Energy Company	Affiliated Company	292,917	336,154	540	43,777
Global Thermal Chemicals Company	Affiliated Company	50,066	159,166	--	109,100
Global Chemical Industries Company	Affiliated Company	65,504	26,410	39,094	--
Rafia Chemicals Company	Affiliated Company	--	554,330	--	554,330
Global Specialized Chemicals Company	Affiliated Company	17,753,056	17,753,116	--	60
Global Manufacturing Industries Company	Affiliated Company	730,979	1,353,328	323,309	945,658
Dar Al-Arab Industrial Consulting Office	Affiliated Company	473,228	455,094	72,815	54,681
Najm Investment Company	Affiliated Company	3,050,790	3,050,790	--	1
Abdullah Bin Salma Real Estate Establishment	Affiliated Company	--	1	--	1
Fala Agricultural Company	Affiliated Company	7,673	7,734	--	61
Saudi Tunisian Electricity and Gas Company	Affiliated Company	1,431,793	1,716,516	--	284,723
Total – Exhibit A				647,514	3,094,572

b) **Loan to Related Party – Owner:**

During 2023, the company transferred an amount of SR. 12,000,000 to the owner for participation in a project with Durar Al-Qimma Real Estate Company to purchase land and undertake construction. Upon completion and sale of the project, the loan, along with interest, will be repaid to the company based on the owner's share of the final sale proceeds, proportional to the invested amount from the date of land purchase. In 2024, this amount was transferred to an investment in Durar Al-Qimma Real Estate Company – Note (15).

	Nature of relationship	2024	2023
		SR.	SR.
Dar Al Balad Commercial Company	Owner	--	12,000,000
Total – Exhibit A		--	12,000,000

Dar Al Balad for Business Solutions Company
(Formerly: Dar Al Balad Maintenance & Operation Company)
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Notes to the Financial Statements
For the Year Ended 31 December 2024

c) Due to Related Party:

The company deals in its ordinary course of business with related parties which include entities related to company's owner. Transaction with related parties occurred at prices and payment conditions estimated and approved by the company's management and the movement in this account is as follows:

Nature of relationship		2024	2023
		SR.	SR.
Dar Al-Balad for Contracting and Operations	Affiliated Company	-	173,648
Total – Exhibit A		-	173,648

d) The Major transaction with related party are as follows:

Related Party	Nature of Relationship	Transaction Type	Transaction amount 2024	Transaction Amount 2023
			SR.	SR.
Dar Al-Balad Commercial Company	Owner	Short-Term Loan Financing Provided to owner	38,800,000	16,430,000
		Collection of Short-Term Loans	(38,200,000)	(15,000,000)
		Services and Consulting Provided by owner	(2,380,251)	(2,583,642)
		Services and Consulting Provided to owner	199,859	4,838
		Payments for Services and Consulting	1,111,982	4,020,330
		Receipts for Services and Consulting	(125,622)	-
		Transfer to Investments in Companies' Capital	(12,000,000)	-
Diesel Equipment Company	Affiliated Company	Services and Consulting Provided to the party	137,190	94,958
		Services and Consulting Provided by the party	(105)	(70)
		Receipts for Services and Consulting	(148,535)	(106,687)
Dar Al-Balad for Contracting and Operations	Affiliated Company	Services and Consulting Provided to the party	2,233,896	2,367,923
		Repayment of Short-Term Loans	41,333,450	-
		Short-Term Loan Financing Received from	(42,854,174)	-
		Payments for Services and Consulting	41,937	11,000
		Receipts for Services and Consulting	(261,388)	(2,941,370)
		Services and Consulting Provided by the party	(300,073)	(323,814)
		Collection of Short-Term Loans	-	(3,449,000)
		Short-Term Loan Financing Provided the party	-	3,491,559

Dar Al Balad for Business Solutions Company
(Formerly: Dar Al Balad Maintenance & Operation Company)
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Notes to the Financial Statements
For the Year Ended 31 December 2024

Dar Chem Group Company	Affiliated Company	Services and Consulting Provided to Receipts for Services and Consulting	20,700 (175,641)	- (9,919)
Dar Chemicals Company	Affiliated Company	Receipts for Services and Consulting Services and Consulting Provided to	(150,000) -	- 154,242
Direct Energy Company	Affiliated Company	Services and Consulting Provided to Receipts for Services and Consulting	292,917 (336,154)	355,231 (390,231)
Global Manufacturing Industries Company	Affiliated Company	Services and Consulting Provided to Receipts for Services and Consulting	730,979 (1,353,328)	189,766 -
Global Chemical Industries Company	Affiliated Company	Services and Consulting Provided to Short-Term Loan Financing Provided to Receipts for Services and Consulting	65,504 - (26,410)	50,066 600,000 (985,149)
Global Thermal Chemicals Company	Affiliated Company	Services and Consulting Provided to Receipts for Services and Consulting	50,066 (159,166)	50,066 -
Rafia Chemicals Company	Affiliated Company	Receipts for Services and Consulting Consulting Services and Administrative Expenses	(554,347) 17	- 120
Global Specialized Chemicals Company	Affiliated Company	Short-Term Loan Financing Received from Services and Consulting Provided to Repayment of Short-Term Loans to Payments for Services and Consulting Receipts for Services and Consulting	(17,500,000) 253,056 17,500,000 - (253,116)	- 228,388 - 236,092 (771,981)

Dar Al Balad for Business Solutions Company
(Formerly: Dar Al Balad Maintenance & Operation Company)
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Notes to the Financial Statements
For the Year Ended 31 December 2024

Dar Al-Arab Industrial Consulting Office	Affiliated Company	Services and Consulting Provided by Payments for Services and Consulting Receipts for Services and Consulting Services and Consulting Provided to	(309,140) 452,785 (145,955) 20,443	(409,429) 454,192 (57,612) 5,435
Najm Investment Company	Affiliated Company	Services and Consulting Provided to Receipts for Services and Consulting Collection of Short-Term Loans Short-Term Loan Financing Provided to	50,715 (50,715) (3,050,790) 3,000,000	50,785 (59,712) - -
Abdullah Bin Salma Real Estate Establishment	Affiliated Company	Receipts for Services and Consulting	-	(9,410)
Fala Agricultural Company	Affiliated Company	Consulting Services and Administrative Expenses Payments for Services and Consulting Receipts for Services and Consulting	7,674 - (7,735)	6,270 288,000 (358,249)
Saudi Tunisian Electricity and Gas Company	Affiliated Company	Services and Consulting Provided to Collection of Short-Term Loans Receipts for Services and Consulting Short-Term Loan Financing Provided to	431,793 (1,000,000) (716,516) 1,000,000	531,687 - (770,589) -
Bassem Bin Salma	Shareholder	Receipts for Services and Consulting	-	(1,259)
Key Executives	Senior Management	Salaries and Benefits Long-Term Employee Benefits Obligations	865,000 1,427,233	660,000 -

Dar Al Balad for Business Solutions Company
(Formerly: Dar Al Balad Maintenance & Operation Company)
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Notes to the Financial Statements
For the Year Ended 31 December 2024

10- Investment Portfolios at Fair Value Through Profit or Loss:

a) The details of this item are as follows:

	2024	2023
	SR.	SR.
Investments in Albilad Capital Fund – B	-	11,458,992
Investments in investment portfolios – C	12,941,172	4,610,695
Total – Exhibit A	12,941,172	16,069,687

b) This amount represents the Company's investments in Albilad Capital Fund, measured at fair value through profit or loss as of 31 December 2024. The movement is as follows:

	2024	2023
	SR.	SR.
Balance at the beginning of the year	11,458,992	-
Additions during the year	154,459,900	94,811,737
Withdrawals during the year	(166,516,596)	(83,811,737)
Subtotal	(597,704)	11,000,000
Cash dividends distributed	597,704	458,992
Total – Note (10/a)	-	11,458,992

c) Investments in investment portfolios:

	2024	2023
	SR.	SR.
Balance at the beginning of the year	4,610,695	873,295
Purchases during the year	28,307,962	10,856,529
Sales during the year	(22,822,787)	(6,761,916)
Subtotal	10,095,870	4,967,908
Gains on sale of shares	495,562	466,641
Total portfolio before revaluation	10,591,432	5,434,549
Cash dividends distributed	(29,000)	(45,490)
Unrealized gains (losses) from revaluation	2,378,740	(778,364)
Total – Note (10/a)	12,941,172	4,610,695

11- Unbilled Revenue

The details of this item are as follows:

	2024	2023
	SR.	SR.
Balance at the beginning of the year	17,009,036	5,692,200
Net additions during the year	24,483,555	17,009,036
Billed	(17,009,036)	(5,692,200)
Balance at the end of the year – Exhibit A	24,483,555	17,009,036

12- Property, Plant and Equipment, Net:

a) Details of cost and accumulated depreciation as of 31 December 2024 are as follows:

	Vehicles	Office equipment	Furniture and Fixture	Total
	SR.	SR.	SR.	SR.
Cost				
Balance as of 1/1/2024	278,750	670,378	288,964	1,238,092
Additions during the year	-	53,650	65,918	119,568
Balance as of 31/12/2024	278,750	724,028	354,882	1,357,660
Accumulated Depreciation				
Balance as of 1/1/2024	198,798	569,233	79,828	847,859
Depreciation for the year	35,604	34,186	50,446	120,236
Balance as of 31/12/2024	234,402	603,419	130,274	968,095
Property, Plant, and Equipment as of 31/12/2024 – Exhibit A	44,348	120,609	224,608	389,565

Dar Al Balad for Business Solutions Company
(Formerly: Dar Al Balad Maintenance & Operation Company)
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Notes to the Financial Statements
For the Year Ended 31 December 2024

- b) Details of cost and accumulated depreciation as of 31 December 2023 are as follows:

	Vehicles	Office equipment	Furniture and Fixture	Total
Cost	SR.	SR.	SR.	SR.
Balance as of 1/1/2023	278,750	616,579	268,129	1,163,458
Additions during the year	--	53,799	20,835	74,634
Balance as of 31/12/2023	278,750	670,378	288,964	1,238,092
Accumulated Depreciation				
Balance as of 1/1/2023	153,064	528,039	51,509	732,612
Depreciation for the year	45,734	41,194	28,319	115,247
Balance as of 31/12/2023	198,798	569,233	79,828	847,859
Property, Plant, and Equipment as of 31/12/2023	79,952	101,145	209,136	390,233
– Exhibit A				

13- Intangible Assets – Net:

Intangible assets consist of computer software, amortized over their estimated useful life of five years using the straight-line method. Details of cost and accumulated amortization are as follows:

	2024	2023
	SR.	SR.
Balance at the beginning of the year	150,000	150,000
Balance at the end of the year	150,000	150,000
Accumulated amortization		
Balance at the beginning of the year	150,000	150,000
Balance at the end of the year	150,000	150,000
Intangible Assets – Net	-	-

14- Right-of-Use Assets – Net and Lease Liabilities:

- a) **Right-of-Use Assets – Net:**

	2024	2023
	SR.	SR.
Cost at the beginning of the year	670,538	670,538
Additions during the year	287,100	-
Cost at the end of the year	957,638	670,538
Accumulated depreciation at the beginning of the year	(476,970)	(200,125)
Depreciation for the year – Note (25)	(216,894)	(276,845)
Accumulated depreciation at the end of the year	(693,864)	(476,970)
Right-of-Use Assets – Net – Exhibit A	263,774	193,568

- b) **Lease Liabilities:**

	2024	2023
	SR.	SR.
Balance at the beginning of the year	163,766	434,756
Lease liabilities added during the year	287,100	-
Interest on lease liabilities – Exhibit B	5,680	10,410
Payments of lease liabilities	(216,200)	(281,400)
Balance at the end of the year	240,346	163,766
Classified as follows:		
Lease liabilities – Current portion – Exhibit A	137,346	163,766
Lease liabilities – Non-current portion – Exhibit A	103,000	-

- c) Leased assets consist of the Company's office lease at SR. 40,000 annually for three years, a land lease at Al-Batha Port – Saudi Customs at SR. 48,000 for three years, and a Jeddah office lease at SR. 63,000 for two years.

Dar Al Balad for Business Solutions Company
(Formerly: Dar Al Balad Maintenance & Operation Company)
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Notes to the Financial Statements
For the Year Ended 31 December 2024

15- Investments in Equity Instruments at Fair Value Through Profit or Loss:

During the year 2024, the Company invested in Durr Real Estate Company (a limited liability company), with an investment in capital representing 8.89% for SAR 8,890, in addition to an investment in additional capital of SAR 11,991,110. The company's activities include electrical wiring installation, computer and communication network installation, buying and selling land and real estate and their subdivision, off-plan sales activities, and general construction of non-residential buildings (e.g., schools, hospitals, hotels, etc.). The investment is measured at book value, as it does not differ from fair value, which was assessed by an external party.

	Investment Percentage	Balance at Beginning of Year	Additions During the Year	Balance at End of Year
	SR.	SR.	SR.	SR.
Durr Real Estate Company	8.89%	-	12,000,000	12,000,000
Total – Exhibit A		-	12,000,000	12,000,000

16- Short-Term Loans:

This item consists of the following:

	2024	2023
	SR.	SR.
Saudi Investment Bank	-	4,916,895
Saudi National Bank	-	4,510,152
Total – Exhibit A	-	9,427,047

The Company, Dar Al-Balad Business Solutions, has two credit facility agreements compliant with Sharia regulations, as follows:

- A banking facility agreement with the Saudi Investment Bank for SR.10,000,000 (2023: SR.8,000,000) to finance the purchase and sale of goods and issue various guarantees. Key guarantees associated with the agreement include performance and payment guarantees provided by the Kafalah Program for SME Financing, major shareholders, and the issuing company. Used facility amounts are repaid in a single payment after six months with interest based on the Saudi Central Bank (SAMA) rate plus 1% annually.
- A credit facility agreement with the Saudi National Bank (formerly Samba) for SR.7,000,000 to finance the Company's operating expenses and issue various guarantees. Key guarantees include performance and payment guarantees provided by the Kafalah Program for SME Financing, major shareholders, and the issuing company.

17- Accounts Payable:

Accounts payable, amounting to SR.974,899 as of 31 December 2024, include the balance of a single supplier amounting to SR.812,751, which constitutes 83% of total accounts payable. (2023: Accounts payable, amounting to SR.2,784,432 as of 31 December 2023, included the balance of a single supplier amounting to SR.2,608,261, which constituted 94% of total Accounts payable).

18- Other Credit Balances:

The details of this item are as follows:

	2024	2023
	SR.	SR.
VAT payable	7,934,122	5,166,978
Withholding tax	12,813	32,670
Accrued salaries, wages, and bonuses	309,221	1,074,627
Accrued expenses	2,251,113	91,500
Social insurance	483,160	385,123
Advances from customers	46,956	-
Total – Exhibit A	11,037,385	6,750,898

Dar Al Balad for Business Solutions Company
(Formerly: Dar Al Balad Maintenance & Operation Company)
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Notes to the Financial Statements
For the Year Ended 31 December 2024

19- Zakat Provision:

- a) The components and amounts forming the primary zakat base are as follows:

	2024	2023
	SR.	SR.
Funds Subject to Zakat (Positive Elements)		
Equity	104,673,167	31,843,944
Provisions excluding end-of-service and vacation provisions	8,154,215	--
Provisions at the beginning of the year, net of utilized amounts	--	10,814,358
Other	--	163,766
Adjusted profit for the year – Note (19/b)	--	41,292,886
Additions to the zakat base from liabilities and similar items	10,255,448	--
Total Funds Subject to Zakat (Zakat Base)	123,082,830	84,118,954
Total adjustments	205,028	--
Total Positive Elements Including Income and Adjustments	123,287,858	84,118,954
Deductible Funds (Negative Elements)		
Non-current assets – Net	(12,653,339)	(390,234)
Total Deductible Funds (Negative Elements)	(12,653,339)	(390,234)
Zakat Base	110,634,519	83,724,720
<u>Zakat Payable:</u>		
Zakat base at 2.585%	2,859,621	--
Zakat base excluding adjusted profit at 2.578%	--	1,093,758
Add: Adjusted profit for the year at 2.5%	--	1,032,322
Zakat provision	2,859,621	2,126,080
Adjustment difference	-	(66,625)
Zakat Provision – Exhibit B and Note (19/c)	2,859,621	2,059,455

- b) Adjusted Profit for the Year:

	2024	2023
	SR.	SR.
Profit for the year before zakat provision – Exhibit B	42,467,595	34,513,623
Provisions charged to expenses	205,028	6,779,263
Adjusted Profit for the Year – Note (19/a)	42,672,623	41,292,886

- c) The movement in the zakat provision is as follows:

	2024	2023
	SR.	SR.
Balance at the beginning of the year	2,119,819	1,362,765
Provision recognized during the year	2,859,621	2,059,455
Payments made during the year	(2,059,455)	(1,302,401)
Balance at the end of the year – Exhibit A	2,919,985	2,119,819

- d) **Zakat Status:**

The Company has submitted zakat declarations up to the end of 2023 and obtained final zakat certificates. No final zakat assessments have been received to date, and there are no zakat objections against the Company.

Dar Al Balad for Business Solutions Company
(Formerly: Dar Al Balad Maintenance & Operation Company)
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Notes to the Financial Statements
For the Year Ended 31 December 2024

20- Long-Term Defined Employee Benefits:

The Company has an end-of-service scheme for its employees (the “members”). The scheme entitles the members to a lump sum payment related to length of service and salary at the time of retirement, resignation or death. The scheme is un-funded in that no fund is currently accumulated (whether from contribution by the employer and/or employees) towards the discharge of Company’s obligation under the scheme. This scheme are being ruled by the Labor Law in the Kingdom of Saudi Arabia.

The obligation recognized in the statement of financial position related to end of service indemnity represents the present value of the defined benefit obligations at the end of the reporting period. Defined benefit obligations are being calculated annually by independent actuary using the projected unit credit method.

Past cost service, current cost service, interest are recognized in the income statement. Actuarial gains or losses are recognized in the comprehensive income.

The amounts recognized in the statement of financial position and the statement of comprehensive income are summarized in the below schedule:

	2024	2023
	SR.	SR.
Employee benefit obligations recognized in the statement of financial position	10,015,102	10,558,208
Cost of service recognized in statement of income	3,716,855	2,123,957

The movement in the employees benefit obligation during the year is as follows:

	2024	2023
	SR.	SR.
Balance at beginning of the year	10,558,208	7,564,085
Cost of service	3,253,651	1,965,952
Interest cost	463,204	158,005
Payments made during the year	(1,613,083)	(98,183)
Actuarial (Gain) losses	(2,646,878)	968,349
Balance at end of the year – Exhibit A	10,015,102	10,558,208

The principal actuarial assumptions used were as follows:

	2024	2023
	5.25%	4.75%
Discount rate		
Expected rate of salary increases	1.50%	4.75%

The increase or decrease in employees' benefits obligations due to changes in assumptions are as follows:

	2024	2023
	SR.	SR.
Discount rate +1%	9,548,986	10,001,151
Discount rate -1%	10,529,272	11,179,977
Salary increase rate +1%	10,594,559	11,224,327
Salary increase rate -1%	9,482,038	9,950,592

21- Capital:

The company’s capital is SR.50,000,000 divided into 50,000,000 equal shares of SR.1 each as follows:

	Percentage of ownership	No. of shares	Share value	Total
	%	Share	SR.	SR.
Dar Al-Balad Commercial Company	100%	50,000,000	1	50,000,000
Capital – Exhibit A	100%	50,000,000		50,000,000

On December 11, 2024, Dar Al Balad Commercial Company, the owner, decided to increase the company’s capital from SR.1,000,000 to SR.50,000,000 by transferring funds from the retained earnings account to the capital account.

Dar Al Balad for Business Solutions Company
(Formerly: Dar Al Balad Maintenance & Operation Company)
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Notes to the Financial Statements
For the Year Ended 31 December 2024

22- Statutory Reserves:

In accordance with the company's articles of association, 10% of net income is withheld annually as statutory reserve. The company may suspend this appropriation until the reserve reaches 30% of the capital.

23- Revenues:

The company's revenues are derived from providing services related to information systems and technical support for telecommunications and information technology software systems.

	2024	2023
	SR.	SR.
Managed business services	32,346,024	32,757,000
IT consulting services	87,446,016	83,302,000
Managed IT services	123,513,722	79,343,000
Smart IoT services	19,526	72,665
Total – Exhibit B	243,325,288	195,474,665

* Revenues are recognized over time in accordance with the revenue recognition policy for work performed, as detailed in Note (11).

24- Cost of Revenues:

a) The details of this item are as follows:

	2024	2023
	SR.	SR.
Cost of managed business services	24,778,660	22,147,220
Cost of IT consulting services	68,917,280	64,041,640
Cost of managed IT services	99,238,340	61,940,970
Cost of smart IoT services	14,930	53,810
Others	4,692,122	5,995,895
Total - Note (24/b) – Exhibit B	197,641,332	154,179,535

b) Cost Details:

The details of this item are as follows:

	2024	2023
	SR.	SR.
Salaries, wages, and related benefits	162,485,175	125,152,468
External labor costs	8,726,587	5,054,488
Medical insurance	6,658,038	6,118,472
Social insurance	5,454,451	3,929,951
Government fees	2,259,928	4,018,817
Employee benefits obligations	3,253,651	1,965,952
Travel and tickets	1,134,379	1,279,295
Leave expenses	319,970	365,720
Consulting and IT support services	5,033,333	4,090,063
Others	2,315,820	2,204,309
Total – Note (24/a)	197,641,332	154,179,535

Dar Al Balad for Business Solutions Company
(Formerly: Dar Al Balad Maintenance & Operation Company)
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Notes to the Financial Statements
For the Year Ended 31 December 2024

25- General and Administrative Expenses:

The details of this item are as follows:

	2024	2023
	SR.	SR.
Salaries, wages, and related benefits	3,970,349	3,435,296
Hospitality and hotels	76,276	76,486
Telephone, internet, and postage	106,230	78,851
Government fees and subscriptions	112,493	93,838
Maintenance and repairs	22,586	17,247
Depreciation of fixed Assets	120,236	115,247
Electricity and repairs	4,383	2,044
Travel and transportation	80,963	58,983
Bank fees	20,018	8,418
Advertising and promotion	52,250	28,200
Hotel accommodation	201,738	149,992
Withholding tax and value-added tax	205,028	1,278,718
Expected credit loss expense	306,025	619,941
Amortization of right-of-use assets	216,894	276,845
Technical support	-	17,547
Legal and professional fees	237,750	70,500
Other	338,510	315,318
Total – Exhibit B	6,071,729	6,643,471

26- Investment Income:

This amount represents the profits from investments measured at fair value through profit or loss.

The details of this item are as follows:

	2024	2023
	SR.	SR.
Unrealized gains (losses) from revaluation of investment portfolios - note (10/C)	2,378,740	(778,364)
Gains from sale of shares in investment portfolios - Note (10/C)	495,563	466,641
Dividends received from Al Bilad Capital Fund – Note (10/B)	597,704	458,992
Total – Exhibit B	3,472,007	147,269

27- Finance Cost:

The details of this item are as follows:

	2024	2023
	SR.	SR.
Bank fees and letters of guarantee	542,430	334,147
Interest on employee benefits	463,204	158,005
Lease interest	5,680	10,410
Total – Exhibit B	1,011,314	502,562

28- Financial Risk Management:

Overview

The Company is exposed to the following risks arising from the use of financial instruments:

- Capital Management Risk.
- Cash with banks
- Interest rate risk
- Credit Risk.
- Liquidity Risk.
- Market Risk (including currency risk and commission rate risk).

This note shows information on the Company's exposure to the above risks, the Company's objectives, policies and procedures regarding measuring and managing risks, and managing the Company's capital. Additional quantitative disclosures have been included in these financial statements.

Dar Al Balad for Business Solutions Company
(Formerly: Dar Al Balad Maintenance & Operation Company)
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Notes to the Financial Statements
For the Year Ended 31 December 2024

Risk Management:

The Board of Directors bears the full responsibility for developing and supervising Company's risk management frameworks. Company's risk management policies have been developed to identify and analyze the risks encountered by the Company. Appropriate risk limits and controls have been developed in addition to the compliance thereof. Risk management policies and rules are reviewed regularly to reflect changes in market conditions and the Company's activities.

Capital Management Risk:

The Company aims at, in managing capital, maintaining the company's ability to continue as an operating entity, achieving returns to partners and benefits to other stakeholders and maintaining an optimal capital structure that reduces the cost of capital.

Credit Risk in Bank Balances

Credit risk arising from bank balances is considered limited, as the company maintains its relationships only with banks that have high credit ratings assigned by international credit rating agencies. Since the bank balances are held with reputable banks within the Kingdom that have strong credit standing, management does not anticipate any defaults in fulfilling their financial obligations. The company's maximum exposure to credit risk is represented by the carrying amount of these financial instruments, as disclosed in the relevant notes.

Interest Rate Risks

Interest rate risk refers to the potential fluctuation in the fair value or cash flows of a financial instrument due to changes in interest rates. The company is primarily exposed to interest rate risks through variable-rate long-term loans. The company does not hedge against interest rate changes. Exposure to interest rate risks arises from long-term loans with variable rates, which affect cash flows. This exposure is partially offset by cash holdings with variable interest rates.

Credit Risk:

Credit risk is the risk that one party to a financial instrument will fail to meet its financial obligations, causing a loss to the company. The company is exposed to credit risk through the book value of its assets, which includes balances with banks and other receivables and due from related parties.

Liquidity Risk:

The company may face difficulties in providing sufficient cash to meet its financial obligations. Liquidity requirements are regularly monitored, and management ensures that adequate funds are available to meet obligations when due.

The company's policy is to always maintain sufficient cash to enable it to meet its obligations upon maturity. To achieve this objective, it seeks to maintain cash balances or agreed-upon facilities to meet expected needs.

The company's current financial liabilities consist of the current portion of bank facilities, trade payables, accrued expenses, and other liabilities. These liabilities are expected to be settled within 12 months from the financial position date, and the company expects to have sufficient funds available to do so.

The following table summarizes the contractual maturity schedule of the company's financial obligations:

Year / description	Carrying amount	Less than one year	From 1 year to 5 years	More than 5 years
31 December 2024	SR.	SR.	SR.	SR.
Accounts payable and other credit balances	12,012,284	12,012,284	--	--
Lease contract obligations	240,346	137,346	103,000	--
Total	12,252,630	12,149,630	103,000	--

Dar Al Balad for Business Solutions Company
(Formerly: Dar Al Balad Maintenance & Operation Company)
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Notes to the Financial Statements
For the Year Ended 31 December 2024

Year / description	Carrying amount	Less than one year	From 1 year to 5 years	More than 5 years
31 December 2023				
Accounts payable and other credit balances	9,535,330	9,535,330	--	--
Due to related parties	173,648	173,648	--	--
Loans	9,427,047	9,427,047	--	--
Lease liabilities	163,766	163,766	--	--
Total	19,299,791	19,299,791	--	--

Market Risk:

Market risk represents the risk arising from changes in market prices, such as foreign exchange rates and commission rates, which may affect the company's income. The objective of market risk management is to manage and monitor market risk exposures within acceptable limits while optimizing returns.

Currency Risk:

The company is exposed to foreign exchange risk resulting from exposure to various currencies, particularly fluctuations in exchange rates of other currencies against the Saudi Riyal. Foreign currency risk primarily arises from commercial transactions. The company's policy requires management to conduct regular reviews of currency risk exposure. For monetary assets and liabilities denominated in foreign currencies, the company ensures that net exposure to associated risks remains within acceptable levels by buying and selling foreign currencies at spot rates when necessary, to offset short-term imbalances.

Commission Rate Risk:

Commission rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market commission rates. The company's exposure to changes in market commission rates relates mainly to floating-rate borrowings. However, the company does not have any long-term borrowings, and therefore it is not exposed to long-term commission rate risk.

29- Financial assets and Financial Liabilities:

	2024 SR.	2023 SR.
Financial assets at Fair Value		
Investment portfolios at fair value through profit or loss	12,941,172	16,069,687
Investment in equity instruments at fair value through profit or loss	12,000,000	--
Total	24,941,172	16,069,687
Financial Assets at Amortized Cost (net of Impairment)		
Cash and cash equivalents	24,018,509	6,984,335
Accounts receivable	46,366,158	28,050,763
Other debit balances	489,389	535,180
Due from related parties	647,514	3,094,572
Loan to a related party	--	12,000,000
Total	71,521,570	50,664,850
Financial Liabilities at Amortized Cost		
Loans	--	9,427,047
Accounts payables	974,899	2,784,432
Other credit balances	309,221	1,074,627
Due to related parties	--	173,648
Total	1,284,120	13,459,754

Dar Al Balad for Business Solutions Company
(Formerly: Dar Al Balad Maintenance & Operation Company)
(A Single-Person Company)
A Limited Liability Company
Kingdom of Saudi Arabia
Notes to the Financial Statements
For the Year Ended 31 December 2024

Fair Value Measurement – 2024:

	Level 1	Level 2	Level 3
	SR.	SR.	SR.
Investment portfolios at fair value through profit or loss	12,941,172	--	--
Investment in equity instruments at fair value through profit or loss	--	--	12,000,000
Total	12,941,172	--	12,000,000

Fair Value Measurement – 2023:

	Level 1	Level 2	Level 3
	SR.	SR.	SR.
Investment portfolios at fair value through profit or loss	16,069,687	--	--
Total	16,069,687	--	--

30- Dividends Distribution:

Dar Al Balad Commercial Company (the owner) has decided to distribute dividends for the year ended 31 December 2024 amounting to SR.5,000,000 (2023: SR.11,332,876).

31- Contingent Liabilities:

The Company has contingent liabilities relating to letters of guarantee issued on its behalf amounting to SR 5,142,196 as of 31 December 2024, with no cash collateral provided against these letters of guarantee (2023: SR 4,043,587, with no cash collateral provided against the letters of guarantee).

32- Subsequent Events:

Management believes there have been no significant events after the reporting date that would materially affect the company's financial position, except for the following:

- On 13 January 2025, Dar Al Balad Commercial Company transferred all its shares in Global Specialty Chemicals Company (including assets and liabilities) to Dar Al Balad for Business Solutions Company.
- On 12 February 2025, the company's share capital was increased to SAR 70 million.
- On 2 March 2025, Dar Al Balad for Business Solutions Company was converted from a Limited Liability Company (LLC) to a Closed Joint Stock Company (CJSC).

33- Approval of Financial Statements for Issuance:

These financial statements were approved for issuance by the Board of Directors on 01 Ramadan 1446H. Corresponding to 01 March 2025G.

34- General:

The figures in the financial statements are rounded to the nearest Saudi Riyal.

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia

Interim Condensed Consolidated
Financial Statements (Unaudited)
For the Three-Month and Six-Month Periods
Ended 30 June 2025 Together with the
Independent Auditor's Review Report



Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia

Index

	Page	Exhibit
Independent Auditor's Review Report on Interim Condensed Consolidated Financial Information	1	--
Interim Condensed Consolidated Statement of Financial Position as of 30 June 2025	2	A
Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Three-Month and Six-Month Periods Ended 30 June 2025	3	B
Interim Condensed Consolidated Statement of Changes in Equity For the Six-Month Period Ended 30 June 2025	4	C
Interim Condensed Consolidated Statement of Cash Flows For the Six-Month Period Ended 30 June 2025	5	D
Notes to Interim Condensed Consolidated Financial Statements For the Six-Month Period Ended 30 June 2025	6-19	--

مكتب محاسبين قانونيين
Talal Abu-Ghazaleh & Co. Certified Public Accountants
 Professional Register No. 1010424464 سجل شركة مهنية رقم ١٠١٠٤٢٤٤٦٤



Independent Auditor's Review Report on Interim Condensed Consolidated Financial Information

The Shareholders

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia

Introduction:

We have reviewed the accompanying interim condensed consolidated statement of financial position of **Dar Al Balad for Business Solution Company** (the "Company") – A Closed Joint Stock Company and its Subsidiary (Collectively referred to as "the Group") as of 30 June 2025, and the related interim condensed consolidated statements of profit or loss and other comprehensive income for the three-month and six-month periods then ended, interim condensed consolidated statement of changes in equity, and interim condensed consolidated statement of cash flows for the six-month period then ended and other explanatory notes.

Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34 ("IAS 34") - "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review:

We conducted our review in accordance with International Standard on Review Engagement 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 primarily of making inquiries 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 the International Standards on Auditing endorsed in the Kingdom of Saudi Arabia. Consequently, it 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 interim condensed consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard No. (34) as endorsed in the Kingdom of Saudi Arabia.

Other Matters:

- As stated in Note (1) to the accompanying interim condensed consolidated financial statements, a subsidiary was acquired during the period ended 30 June 2025. Accordingly, the comparative figures do not include the assets, liabilities, and results of operations of the subsidiary. Also, the comparative figures for the period ended 30 June 2024 are unaudited and unreviewed and have been prepared and presented by the Group's management for comparative purposes.
- As stated in Note (1) to the accompanying interim condensed consolidated financial statements, the shareholders resolved on 2 March 2025 to convert the legal form of the Company from a limited liability company to a Saudi closed joint stock company.

For Talal Abu-Ghazaleh & Co.



Waleed A. Bamarouf
Certified Public Accountant
License No. 408



24 Safar 1447H.
 18 August 2025G.

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شارع العليا العام - بجوار وزارة الداخلية
 هاتف : ٩٦٦ ١١ ٤٦٤ ٢٩٣٦
 فاكس : ٩٦٦ ١١ ٤٦٥ ٩٩١٥
 ص.ب. ٩٧٦٧ الرياض ١١٤٢٣ - المملكة العربية السعودية

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia
Interim Condensed Consolidated Statement of Financial Position
As of 30 June 2025

Exhibit A

	Note	30 June 2025 (Unaudited) SR.	31 December 2024 (Audited) SR.
Assets			
Current Assets			
Cash and cash equivalents	(6)	7,389,383	24,018,509
Accounts receivables	(7)	75,409,010	46,366,158
Inventory		2,992,080	--
Other receivables		7,678,795	8,750,637
Unbilled revenue	(8)	49,980,808	24,483,555
Due from related parties	(9)	3,067,328	647,514
Investment portfolios at fair value through profit or loss	(10)	12,334,888	12,941,172
Total Current Assets		158,852,292	117,207,545
Non-Current Assets			
Property, plant, and equipment, net	(11)	5,552,643	389,565
Right-of-use assets, net	(12)	519,453	263,774
Investments in equity instruments at fair value through profit or loss	(13)	12,000,000	12,000,000
Total Non-Current Assets		18,072,096	12,653,339
Total Assets		176,924,391	129,860,884
Liabilities and Equity			
Current Liabilities			
Accounts payable		1,705,406	974,899
Other payables		9,763,394	11,037,385
Due to related parties	(9)	418,284	--
Lease liabilities – current portion	(12)	29,203	137,346
Provision for estimated zakat	(15)	2,028,980	2,919,985
Total Current Liabilities		13,945,267	15,069,615
Non-Current Liabilities			
Lease liabilities – non-current portion	(12)	497,835	103,000
Long-term employee benefit obligations		11,215,947	10,015,102
Total Non-Current Liabilities		11,713,782	10,118,102
Total Liabilities		25,659,049	25,187,717
Equity			
Capital	(16)	70,000,000	50,000,000
Additional capital contributions		21,839,626	10,000,000
Statutory reserve	(17)	--	4,260,797
Retained earnings		59,425,716	40,412,370
Total Equity – Exhibit C		151,265,342	104,673,167
Total Liabilities and Equity		176,924,391	129,860,884

The Accompanying Notes from (1) to (25) Constitute an Integral Part of
These Interim Condensed Consolidated Financial Statements

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia
Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Three-Month and Six-Month Periods Ended 30 June 2025

Exhibit B

	Note	For the three-month period ended 30 June		For the six-month period ended 30 June	
		(Unaudited)	(Unaudited and reviewed)	(Unaudited)	(Unaudited and reviewed)
		SR.	SR.	SR.	SR.
Revenue	(18)	79,195,439	58,134,265	155,754,131	114,620,206
Cost of revenue	(19)	(63,934,037)	(47,546,689)	(124,245,590)	(94,983,166)
Gross Profit		15,261,402	10,587,576	31,508,541	19,637,040
Selling and distribution expenses		(430,945)	—	(818,566)	—
Administrative and general expenses	(20)	(2,622,484)	(1,480,337)	(4,999,915)	(2,998,180)
Operating Profit		12,207,973	9,107,239	25,690,060	16,638,860
(Losses) / gains from investments at fair value through profit or loss		(121,923)	1,532,788	844,708	1,619,309
Other income		196,219	50,622	298,364	66,540
Finance costs		(5,020)	(219,524)	(138,529)	(228,494)
Income for the period before estimated Zakat		12,277,249	10,471,125	26,694,603	18,096,214
Estimated Zakat	(15)	(1,030,246)	(502,000)	(1,942,054)	(1,002,000)
Profit for the Period after Estimated Zakat		11,247,003	9,969,125	24,752,549	17,094,214
Basic and diluted earnings per share (EPS) from net profit	(21)	0.161	0.142	0.354	0.244

The Accompanying Notes from (1) to (25) Constitute an Integral Part of
These Interim Condensed Consolidated Financial Statements

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia
Interim Condensed Consolidated Statement of Changes in Equity
For the Six-Month Period Ended 30 June 2025

Exhibit C

Share Capital	Additional Capital Contributions	Statutory Reserve	Retained Earnings	Total
SR.	SR.	SR.	SR.	SR.
1,000,000	--	300,000	56,118,315	57,418,315
--	--	--	17,094,214	17,094,214
1,000,000	--	300,000	73,212,529	74,512,529

For the six-month period ended 30 June 2024 (Unaudited and Unreviewed)

Equity as at 01 January 2024 (Audited)

Profit for the period – Exhibit B

Equity as at 30 June 2024 (Unaudited and Unreviewed)

Share Capital	Additional Capital Contributions	Statutory Reserve	Retained Earnings	Total
SR.	SR.	SR.	SR.	SR.
50,000,000	10,000,000	4,260,797	40,412,370	104,673,167
20,000,000	(10,000,000)	--	(10,000,000)	--
--	--	(4,260,797)	4,260,797	--
--	21,839,626	--	--	21,839,626
--	--	--	24,752,549	24,752,549
70,000,000	21,839,626	--	59,425,716	151,265,342

For the six-month period ended 30 June 2025 (Unaudited)

Equity as at 01 January 2025 (Audited)

Increase in share capital – Note (15)

Transfer statutory reserve to retained earnings

Acquisition of Global Specialty Chemical Co. – Note (1)

Profit for the period – Exhibit B

Equity as at 30 June 2025 (Unaudited)

The Accompanying Notes from (1) to (25) Constitute an Integral Part of
These Interim Condensed Consolidated Financial Statements

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia
Interim Condensed Consolidated Statement of Cash Flows
For the Six-Month Period Ended 30 June 2025

	30 June 2025	30 June 2024
	(Unaudited)	(Unaudited and unreviewed)
	SR.	SR.
Cash Flows from Operating Activities		
Profit for the period	24,752,549	17,094,214
Adjustments for non-cash income and expense:		
Depreciation of property, plant, and equipment	586,993	63,057
Depreciation of right-of-use assets	49,504	138,422
Provision for expected credit losses recognized in expenses	977,555	153,013
Finance costs	138,529	228,494
Provision for employee benefits obligation	860,000	688,321
Accrued Zakat	1,942,054	1,002,000
(Profit) realized from investment portfolios	(118,147)	(416,718)
(Gain) loss on sale of investments at fair value through profit or loss	(353,359)	209,588
Unrealized (gain) from remeasurement of investments at fair value through profit or loss	(373,202)	(1,828,898)
	28,462,476	17,331,493
Changes in operating assets and liabilities:		
Accounts receivable	(26,873,989)	(11,980,963)
Other receivables	1,850,005	3,680,638
Inventory	676,051	--
Net transactions with a related party	(2,001,530)	15,557,271
Unbilled revenue	(22,493,839)	(11,501,026)
Accounts payables	(909,581)	(2,153,081)
Other payables	(3,971,161)	(3,531,705)
Cash Flows from Operations	(25,261,568)	7,402,627
Zakat-paid	(3,332,417)	(2,059,455)
Finance cost-paid	(125,704)	(227,561)
Employee benefit obligation-paid	(535,866)	(1,001,460)
Net Cash (used in) / from Operating Activities	(29,255,555)	4,114,151
Cash Flows from Investing Activities		
Purchase of property, plant and equipment and project in progress	(45,340)	(20,193)
Purchase of investments at fair value through profit or loss	(6,869,034)	(6,542,988)
Proceeds from sale of investments at fair value	8,661,300	19,042,053
Net Cash from Investing Activities	1,746,926	12,568,872
Cash Flows from Financing Activities		
Repayment of short-term loans	--	1,571,717
Lease settlement	(20,000)	(164,700)
Net Cash (used in) / from Financing Activities	(20,000)	1,407,017
Net (decrease) / increase in Cash and Cash Equivalents	(27,528,629)	18,090,040
Cash and cash equivalents at beginning of period	24,018,509	6,984,335
Cash acquired	10,889,503	--
Cash and Cash Equivalents at End of period – Exhibit A	7,389,383	25,074,375
Supplementary Information on Non-Cash Activities:		
Increase in share capital	20,000,000	--
Investments in a subsidiary in exchange for additional capital	21,839,626	--
Transfer of statutory reserve to retained earnings	4,260,797	--

**The Accompanying Notes from (1) to (25) Constitute an Integral Part of
These Interim Condensed Consolidated Financial Statements**

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia
Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
For the Six-Month Period Ended 30 June 2025

1- Formation and Nature of Business:

Dar Al Balad for Business Solutions Company - A Closed Joint Stock Company (hereinafter referred to as the "Company") was established under Commercial Registration No. 1010168374 issued in Riyadh on 9/11/1442H. valid until 9/11/1540H. and to practice the company's activity in operation and maintenance of buildings, installation and extension of computer and wired/wireless communication networks, maintenance and operation of electrical and electronic facilities and computers, installation and maintenance of machines and equipment, and computer telephony operations.

The financial statements include the assets, liabilities, and results of operations of the company and the following branches:

Branch Name	Commercial Registration Number	Registration Date (Hijri)	Issued Location
Dar Al-Balad Company for Communications and Information Technology	4030263432	14/03/1435 H.	Jeddah
Durar Al-Balad Company for Contracting	1010355941	12/01/1434 H.	Riyadh
Da'irat Al-Balad Company for Trading	1010218342	18/03/1427 H.	Riyadh

On 2 March 2025, the partners resolved to convert the legal form of the Company from a limited liability company to a Saudi closed joint stock company.

Acquisition of a Subsidiary:

The Company acquired all shares owned by Dar Al Balad Commercial Company, the Parent Company, in Global Specialty Chemicals Company, including all its assets and liabilities, at the book value of SR. 21,839,626 as of 31 December 2024. The Company recorded the transaction as additional paid-in capital, in accordance with the Share Transfer Agreement executed between the parties on 1 January 2025. The transfer of shares was completed with the Ministry of Commerce on 13 January 2025, resulting in the Company holding 100% of the subsidiary's capital amounting to SR.500,000. The transaction was accounted for at book value in compliance with the opinion issued by the Saudi Organization for Chartered and Professional Accountants dated 18/12/2014 concerning the accounting treatment of business combinations under common control.

The acquisition transaction took place on January 1, 2025, and the acquisition value was as follows:

	2024
	SR.
Total Current Assets	21,774,130
Total Non-Current Assets	6,157,042
Total Current Liabilities	(4,792,769)
Total Non-Current Liabilities	(1,298,777)
Acquisition consideration at book value recorded as additional paid-in capital	21,839,626

The accompanying consolidated financial statements include Global Specialty Chemical Co., which is controlled by the Company and in which the Company holds a controlling equity interest. The position of this company as follows:

	2025	Ownership percentage
	Capital	
	SR.	%
Global Specialty Chemicals Company	500,000	100%

Request for Listing on the Financial Market:

The Company's Extraordinary General Assembly, on 18 April 2025, approved the submission of an application to the Capital Market Authority (CMA) for the registration and listing of its shares on the Saudi Main Financial Market ("Tadawul") and the offering of 21 million ordinary shares, representing 30% of the Company's capital. The Board of Directors was authorized with full powers to complete the offering and listing process. The Company's management is currently preparing the registration and offering file to submit it to the CMA and other relevant authorities.

The financial statements represent only the assets, liabilities, and results of operations of the aforementioned commercial entities.

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia
Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
For the Six-Month Period Ended 30 June 2025

The Company's registered address is as follows:

Riyadh - Al Olaya District
P.O. Box: 285121, Riyadh: 11323
Kingdom of Saudi Arabia

2- Basis of Preparation:

Statement of compliance:

These interim condensed consolidated financial statements have been prepared for three-month and six-month period ending on 30 June 2025 in accordance with International Accounting Standard – 34 “Interim Financial Reporting” as endorsed in Kingdom of Saudi Arabia. The Company has prepared the interim condensed financial statements on a going concern basis. The Management of the company have considered that there are no material uncertainties that would cast significant doubt on this assumption and have expressed a judgment that it is reasonably expected that the company will have sufficient resources to continue its operation for the foreseeable future in a period of not less than 12 months from the end of the financial period.

These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the company's annual financial statements as of 31 December 2024. However, the results of operations for the interim periods may not be a fair indication of the results of operations for the full year.

Bases of Measurement:

These interim condensed financial statements have been prepared in accordance with the historical cost convention and the accrual basis of accounting, except for the investments at fair value through profit and loss which are stated at fair value.

Functional and Presentation Currency:

The interim condensed financial statements are presented in Saudi Riyal, which is the Group's functional currency.

3- Material Accounting Policies and Changes in the Group's Accounting Policies:

The accounting policies applied in the preparation of these interim condensed financial statements are consistent with those applied in the preparation of the Company's annual financial statements for the year ended 31 December 2024, except for the application of amendments to standards effective from 1 January 2025. The Company has not applied any standards, interpretations or amendments that have been issued but are not yet effective on an early basis.

4- Use of Estimates, Judgments, and Accounting Assumptions:

The Management has used estimates and judgments that affect the Group's application of accounting policies and the reported amounts of assets, liabilities, revenues, and expenses. Actual results may differ from these estimates.

The significant judgments made by the Management in applying the Group's accounting policies, and the key sources of estimation uncertainty, are similar to those disclosed in the most recent annual financial statements.

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia
Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
For the Six-Month Period Ended 30 June 2025

5- Adoption of New and Amended International Financial Reporting Standards:

a) New and amended International Financial Reporting Standards that become effective:

The following new and amended International Financial Reporting Standards (IFRS), which are effective for financial periods beginning on or after 1 January 2025, have been applied in the preparation of the Group's financial statements. These standards did not have a material impact on the amounts and disclosures presented in the current year's financial statements, as follows:

Standard or interpretation	Description	Effective for periods beginning on or after the following date
International Accounting Standard IAS (21)	Lack of Exchangeability	1 January 2025

b) New and Amended International Financial Reporting Standards that are Not Yet Effective:

The Group has not applied any of the following new and amended International Financial Reporting Standards that have been issued but are not yet effective:

Standard or interpretation	Description	Effective for periods beginning on or after the following date
Amendments to IFRS (9) and IFRS (7)	Classification and Measurement of Financial Instruments	1 January 2026
Amendments to: IFRS (1) IFRS (7) IFRS (9) IFRS (10) and IAS (7)	Annual Improvements to IFRS Standards	1 January 2026
IFRS (18)	Presentation and Disclosure in Financial Statements	1 January 2027
IFRS (19)	Disclosures for Subsidiaries without Public Accountability	1 January 2027
IFRS (10) and IAS (28)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture Amendments to IFRS (10) and IAS (28)	Available for optional application / Effective date deferred indefinitely
International Financial Reporting Standard (S1) International Financial Reporting Standard (S2)	General Requirements for Disclosure of Sustainability-related Financial Information and Climate-related Disclosures	1 January 2024 (Application depends on regulatory adoption)

The Group's management does not expect these standards to have a material impact on the financial statements upon their application in future periods.

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia
Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
For the Six-Month Period Ended 30 June 2025

6- Cash and Cash Equivalents:

The details of this item are as follows:

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
	SR.	SR.
Current accounts with local bank in Saudi Riyal	6,916,196	402,024
Cash held by investment portfolios	473,187	23,616,485
Total – Exhibit A	7,389,383	24,018,509

7- Accounts Receivable, Net:

a) The details of this item are as follows:

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
	SR.	SR.
Trade receivables	82,213,761	51,600,389
Provision for expected credit losses – Note (7/b)	(6,804,751)	(5,234,231)
Total – Exhibit A	75,409,010	46,366,158

b) The movement in the provision for impairment of receivables is as follows:

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
	SR.	SR.
Balance at beginning of the period / year	5,234,231	4,928,206
Addition from acquisition	592,966	--
Charge for the period / year	977,555	306,025
Balance at end of year – Note (7/a)	6,804,751	5,234,231

c) The following is an aging analysis of accounts receivable as at the period ended 30 June 2025 and the year ended 31 December 2024.

Year	Total	0-89 Days	90-179 Days	180-269 Days	270-359 Days	Over 359 Days
30 June 2025	82,213,761	61,556,139	6,738,557	8,621,731	1,856,879	3,440,455
31 December 2024	51,600,389	37,414,249	9,054,832	1,903,777	655,695	2,571,836

8- Unbilled Revenue:

The details of this item are as follows:

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
	SR.	SR.
Balance at beginning of the period / year	24,483,555	17,009,036
Additions from acquisitions	3,003,414	--
Net additions during the period / year	42,775,290	24,483,555
Billed during the period / year	(20,281,451)	(17,009,036)
Balance at end of period / year – Exhibit A	49,980,808	24,483,555

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia
Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
For the Six-Month Period Ended 30 June 2025

9- Related Parties:

The Group, in its ordinary course of business, deals with entities considered to be related parties. These parties include entities related to shareholders. Transactions with related parties are conducted at prices estimated and approved by the Group's management. The movement in this account is as follows:

a) Due from related parties:

	Nature of relationship	30 June 2025 (Unaudited) SR.	31 December 2024 SR.
Dar Al-Balad Commercial Company	Shareholder	2,985,867	20,000
Diesel Equipment Company	Affiliated Company	12,772	1,789
Dar Al Balad for Contracting and Operations Company	Affiliated Company	--	20,000
Addar Chemical Company	Affiliated Company	--	169,967
Direct Energy Company	Affiliated Company	41,089	540
Global Chemical Industries Company	Affiliated Company	--	39,094
Global Downstream Industries Company	Affiliated Company	27,600	323,309
Dar Al-Arab Industrial Consultancy Office	Affiliated Company	--	72,815
Total – Exhibit A		3,067,328	647,514

b) Due to related parties:

	Nature of relationship	30 June 2025 (Unaudited) SR.	31 December 2024 SR.
Dar Al Arab Industrial Consultancy Office	Affiliated Company	297,484	--
Dar Al Balad Contracting and Operation Company	Affiliated Company	120,800	--
Total – Exhibit A		418,284	--

c) Major transaction with related parties:

	Nature of relationship	Type of relationship	Transaction amount 30 June 2025 (Unaudited)	Transaction amount 31 December 2024 (Audited)
Dar Al Arab Industrial Consultancy Office	Affiliated Company	Service and consultancy provided	78,563	309,140
		Payments for services and consultancy	107,500	452,785
		Receipts for services and consultancy	8,000	145,955
Dar Al-Balad Commercial Company	Shareholder	Shareholders bears full offering cost*	2,985,867	--
		Loans from	3,200,000	--
		Loan repayment	(3,200,000)	--
		Administrative and consulting services	105,800	--
Dar Al Balad for Contracting and Operations Company		Administrative and consulting services provide to	828,000	--
Direct Energy Company		Administrative and consulting services provide to	191,044	--
Key management person	Senior management	Salaries and benefits	465,200	865,000
		Long-term employee benefits	2,276,198	1,427,233

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia
Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
For the Six-Month Period Ended 30 June 2025

* The shareholder has undertaken to bear the offering costs related to his 30% share of the Company's capital, in accordance with the resolutions of the Company's Extraordinary General Assembly (Note 1).

10- **Investment Portfolios at Fair Value Through Profit or Loss:**

The details of this item are as follows:

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
	SR.	SR.
Balance at the beginning of the period / year	12,941,172	4,610,695
Purchases during the period / year	6,900,802	28,307,962
Additions from acquisitions	342,627	--
Sale during the period / year	(8,576,274)	(22,822,787)
Total	11,608,327	10,095,870
Gain on sale of shares	353,359	495,562
Total Portfolio Before Revaluation	11,961,686	10,591,432
Cash dividends received	--	(29,000)
Unrealized gain from revaluation	373,202	2,378,740
Total – Exhibit A	12,334,888	12,941,172

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia
Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
For the Six-Month Period Ended 30 June 2025

11- Property, Plant and Equipment, Net:

a) The details of cost and accumulated depreciation for the period ended 30 June 2025 are as follows:

	* Buildings	Tools and Equipment	Machinery and Equipment	Furniture and Fixture	Office equipment	Vehicles	Total
	SR.	SR.	SR.	SR.	SR.	SR.	SR.
Balance as at 01/01/2025	--	--	--	354,882	724,028	278,750	1,357,660
Additions from acquisition	5,605,738	496,868	4,224,375	128,873	48,452	325,848	10,830,154
Additions during the period	--	--	--	4,340	41,000	--	45,340
Balance as of 30/06/2025	5,605,738	496,868	4,224,375	488,095	813,480	604,598	12,233,154
Accumulated Depreciation							
Balance as of 01/01/2025	--	--	--	130,274	603,419	234,402	968,095
Additions from acquisition	1,288,598	468,826	2,990,711	55,391	41,429	280,468	5,125,423
Depreciation for the period	154,499	8,499	348,757	21,495	27,201	26,542	586,993
Balance as of 30/06/2025	1,443,097	477,325	3,339,468	207,160	672,049	541,412	6,680,511
Net property plant and equipment as of 30/06/2025 – Exhibit A	4,162,641	19,543	884,907	280,935	141,431	63,186	5,552,643

b) The buildings listed above are constructed on land leased from the Industrial Cities Authority at a nominal rate for a period of 20 years.

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia
Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
For the Six-Month Period Ended 30 June 2025

c) The details of cost and accumulated depreciation for the year ended 31 December 2024 are as follows:

	Vehicles	Office equipment	Furniture and fixtures	Total
	SR.	SR.	SR.	SR.
Balance as at 01/01/2024	278,750	670,378	288,964	1,238,092
Additions during the year	--	53,650	65,918	119,568
Balance as of 31/12/2024	278,750	724,028	354,882	1,357,660
Accumulated Depreciation				
Balance as of 01/01/2024	198,798	569,233	79,828	847,859
Depreciation for the year	35,604	34,186	50,446	120,236
Balance as of 31/12/2024	234,402	603,419	130,274	968,095
Net property plant and equipment as of 31/12/2024 – Exhibit A	44,348	120,609	224,608	389,565

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia
Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
For the Six-Month Period Ended 30 June 2025

12- Right-of-Use Assets / Lease Liabilities:

This item represents the application of International Financial Reporting Standard (IFRS) 16. The Company has adopted a single recognition and measurement principle for all lease contracts in which it is the lessee, with the exception of short-term leases and leases of low-value assets. The Company has recognized lease liabilities, representing the obligation to make lease payments, and corresponding right-of-use assets, which represent the right to use the underlying assets subject to the contracts.

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
	SR.	SR.
Balance at beginning of period / year	957,638	670,538
Addition resulting from acquisition	563,032	--
Disposal during the period / year	(175,605)	--
Additions during the period / year	--	287,100
Total	1,345,065	957,638
<u>Accumulated amortization</u>		
Balance at beginning of the period / year	(693,864)	(476,970)
Addition resulting from acquisition	(110,721)	--
Disposal during the period / year	28,477	--
Amortization charge for the period / year	(49,504)	(216,894)
Total	(825,612)	(693,864)
Net carrying amount of right-of-use assets – Exhibit A	519,453	263,774
<u>Lease Liabilities:</u>		
Balance at beginning of period / year	240,346	163,766
Addition resulting from acquisition	442,350	--
Additions during the period / year	--	287,100
Less / add:		
Payments made during the year period / year	(20,000)	(216,200)
	(148,483)	--
Interest on lease liabilities	12,825	5,680
Total lease liabilities	527,038	240,346
Less: Current portion of lease liabilities – Exhibit A	29,203	137,346
Non-Current portion of lease liabilities – Exhibit A	497,835	103,000

* The leased assets consist of the lease of the company's premises for an amount of SR.40,000 per year for a period of three years, the lease of the Jeddah office for an amount of SR.63,000 for a period of two years, and the lease of the factory site land plot for an amount of SR.39,992 per year for a period of twenty years.

13- Investments in Equity Instruments at Fair Value Through Profit or Loss:

During the year 2024, the Company invested in Durr Real Estate Company (a limited liability company), with an investment in capital representing 8.89% for SAR 8,890, in addition to an investment in additional capital of SAR 11,991,110. The company's activities include electrical wiring installation, computer and communication network installation, buying and selling land and real estate and their subdivision, off-plan sales activities, and general construction of non-residential buildings (e.g., schools, hospitals, hotels, etc.). The investment is measured at book value, as it does not differ from fair value, which was assessed by an external party.

	Investment Percentage	Balance at Beginning of period	Additions During the period	Balance at End of period
	SR.	SR.	SR.	SR.
Durr Real Estate Company	8.89%	-	12,000,000	12,000,000
Total – Exhibit A		-	12,000,000	12,000,000

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia
Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
For the Six-Month Period Ended 30 June 2025

14- Bank Facilities:

The Company has a Sharia-compliant credit facilities agreement with Saudi Investment Bank for Dar Al Balad for Business Solutions Company in the amount of SAR 10,000,000 (2023: SAR 8,000,000) for the purpose of financing the purchase and sale of goods and the issuance of various guarantees. Key guarantees associated with the agreement include the provision of performance and advance payment guarantees by: the Small and Medium Enterprises Financing Guarantee Program, major shareholders and the issuing company. The utilized facility amounts are payable in a single lump sum after six months with interest based on the Saudi Central Bank (SAMA) rate plus 1% annually.

15- Provision for Estimated Zakat:

The movement on the zakat provision is as follows:

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
	SR.	SR.
Balance of Zakat provision at beginning of period / year	2,919,985	2,119,819
Addition from acquisitions	499,358	--
Zakat provision charged during the period / year	1,942,054	2,859,621
Zakat provision paid during the period / year	(3,332,417)	(2,059,455)
Balance of provision at end of period / year – Exhibit A	2,028,980	2,919,985

Dar Al-Balad Business Solutions Company

The company has filed its Zakat declarations through the end of 2024 and has obtained final Zakat certificates. Its has not received any final tax/Zakat assessment to date, and there are no outstanding Zakat objections against the Company.

Global Specialty Chemical Co.

- The Company has submitted its Zakat declarations and financial statements to the Zakat, Tax and Customers Authority (ZATCA) for the period from its incorporation through 2024 and has settled the amounts due pursuant to those declarations.
- During 2024, the authority issued a Zakat assessment for the year 2020, resulting in a Zakat liability for the Company amounting to SR.10,488. The amount has been settled and the Zakat assessment finalized.

16- Capital:

During the period, the share capital was increased from SR.50 million to SR.70 million as follows:

	30 June 2025 (Unaudited)
	SR.
Share capital at beginning of period	50,000,000
Transferred from additional paid-in-capital	10,000,000
Transferred from retained earnings	10,000,000
Share capital at end of period – Exhibit A	70,000,000

The Company's share capital amounted to SR.70 million, divided into 70 million cash shares of equal value. The value of each share was SR.1. All shares are ordinary shares issued for cash consideration.

	Number of Share	Share Value	Paid-up Value
		SR.	SR.
Dar Al Balad Commercial Company	67,200,000	1	67,200,000
Najem Al-Olaya Trading Company	1,400,000	1	1,400,000
Najem Commercial Investment Company	1,400,000	1	1,400,000
Share Capital – Exhibit A	70,000,000		70,000,000

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia
Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
For the Six-Month Period Ended 30 June 2025

The Extraordinary General Assembly of the Company approved, on 18/4/2025, the request to list the Company's shares on the financial market "Tadawul" and to offer 30% of the Company's capital.

The Ordinary General Assembly also approved the Employee Share Program and the allocation of 1.5% of the Company's shares as treasury shares for this program.

17- Statutory Reserve:

In accordance with the Company's Articles of Association, 10% of the annual net income is appropriated to form the statutory reserve. The Company may discontinue this appropriation when the reserve reaches 30% of the share capital. Pursuant to the shareholders' resolution dated 12 February 2025, the amount has been transferred to retained earnings.

18- Revenues:

a) The Company's revenue is derived from providing services in both information systems and technical support for telecommunications and information technology software systems.

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2025 (Unaudited)	2024 (Unaudited and unreviewed)	2025 (Unaudited)	2024 (Unaudited and unreviewed)
	SR.	SR.	SR.	SR.
Managed business services	8,836,095	7,709,075	18,000,181	16,289,633
IT consulting services	25,749,751	20,888,881	50,612,751	42,254,666
Management IT services	36,755,292	29,536,309	73,010,299	56,057,745
Smart Internet of Things (IoT) Services	--	--	--	18,162
Industrial chemical impurity purification services	172,313	--	4,407,403	--
Industrial maintenance services	6,768,488	--	7,652,447	--
Industrial supply	913,500	--	2,071,050	--
Total – Exhibit B	79,195,439	58,134,265	155,754,131	114,620,206

b) Analysis of revenue by timing of recognition:

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2025 (Unaudited)	2024 (Unaudited and unreviewed)	2025 (Unaudited)	2024 (Unaudited and unreviewed)
	SR.	SR.	SR.	SR.
Sales of goods and spare parts recognized at a point in time	1,085,813	--	6,478,453	--
Industrial maintenance services recognized over time	78,109,626	58,134,265	149,275,678	114,620,206
Total – Note (18/a)	79,195,439	58,134,265	155,754,131	114,620,206

19- Cost of Revenues:

The details of this item are as follows:

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2025 (Unaudited)	2024 (Unaudited and unreviewed)	2025 (Unaudited)	2024 (Unaudited and unreviewed)
	SR.	SR.	SR.	SR.
Cost of managed business services	7,483,016	5,984,910	14,913,861	13,478,488
Cost of IT consulting services	21,025,875	17,265,672	40,931,246	34,567,296
Cost of managed IT services	30,372,158	24,296,107	60,510,477	45,904,927
Cost of smart Internet of Things (IoT) services	--	--	--	14,930
Other costs	--	--	734,845	1,017,526
Cost of industrial chemical impurity purification services	106,673	--	699,178	--
Cost of industrial maintenance services	4,401,587	--	5,207,344	--
Cost of industrial supply	544,728	--	1,248,639	--
Total – Exhibit B	63,934,037	47,546,689	124,245,590	94,983,166

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia
Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
For the Six-Month Period Ended 30 June 2025

20- General and Administrative Expenses:

The details of this item are as follows:

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2025 (Unaudited)	2024 (Unaudited and Unreviewed)	2025 (Unaudited)	2024 (Unaudited and Unreviewed)
	SR.	SR.	SR.	SR.
Salaries, wages and related benefits	1,043,270	1,001,729	1,979,606	2,052,157
Government fees and subscriptions	66,312	44,046	116,784	55,226
Depreciation of property, plant and equipment	292,601	31026	586,993	63,057
Hotel accommodation	65,462	54,187	119,199	113,155
Withholding tax and value added tax	93,161	91,061	238,938	91,061
Expenses for expected credit losses	529,893	76,506	977,555	153,013
Depreciation of right-of-use assets	11,451	69,211	49,504	138,422
Legal and professional fees	222,000	10,000	282,000	96,750
Board of directors meeting allowances	26,000	--	26,000	--
Other	272,333	102,571	623,335	235,339
Total – Exhibit B	2,622,484	1,480,337	4,999,915	2,998,180

21- Basic and Diluted Earnings Per Share:

Earnings per share is calculated by dividing the net profit by the weighted average number of outstanding shares, amounting to 70,000,000 shares. The basic earnings per share is the same as diluted earnings per share, as the Group has no dilutive instruments.

22- Financial Risk Management:

Overview

The Company is exposed to the following risks arising from the use of financial instruments:

- Capital Management Risk.
- Credit Risk.
- Liquidity Risk.
- Market Risk (including currency risk and commission rate risk).

This note shows information on the Company's exposure to the above risks, the Company's objectives, policies and procedures regarding measuring and managing risks, and managing the Company's capital. Additional quantitative disclosures have been included in these financial statements.

Risk Management:

The Board of Directors bears the full responsibility for developing and supervising Company's risk management frameworks. Company's risk management policies have been developed to identify and analyze the risks encountered by the Company. Appropriate risk limits and controls have been developed in addition to the compliance thereof. Risk management policies and rules are reviewed regularly to reflect changes in market conditions and the Company's activities.

Capital Management Risk:

The Company aims at, in managing capital, maintaining the company's ability to continue as an operating entity, achieving returns to partners and benefits to other stakeholders and maintaining an optimal capital structure that reduces the cost of capital.

Credit risk:

Credit risk represents the risk of a company incurring financial loss if a customer or other party fails to meet their contractual obligations regarding a financial instrument. It arises primarily from outstanding payments owed by customers.

Financial instruments exposed to credit risk mainly include cash, near-cash, and trade receivables.

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia
Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
For the Six-Month Period Ended 30 June 2025

Cash and cash equivalents:

Credit risk relating to balances in banks is managed through the Company's finance department in accordance with the Company's policies as the Company seeks to deal with reputable banks and a good credit rating. The Company's management has not identified any significant impacts arising from the concentration of credit risk of balances in the banks as at the date of preparation of the financial statements.

Liquidity Risk:

Liquidity risk refers to the risk that the Company may not be able to meet its financial obligations as they fall due. The Company's approach to liquidity risk management is to ensure, as far as reasonably possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or exposing the Company to significant damage that could adversely affect its reputation.

The Company generally aims to maintain adequate cash balances on demand to meet expected operating expenses, including the settlement of financial obligations. This excludes the potential impact of extreme circumstances that cannot be reasonably anticipated, such as natural disasters. In addition, the Company has credit facilities available to finance its working capital requirements.

Management prepares cash flow forecasts and monitors projected liquidity requirements of the Company to ensure that sufficient liquidity is available to meet its operational needs.

The table below summarizes the Company's financial liabilities based on undiscounted contractual cash flows. The amounts disclosed in the table represent undiscounted contractual cash flows. Amounts due within twelve months approximate their carrying values, as the effect of discounting is not considered to be significant.

Description	As of 30 June 2025			
	Carrying amount	Less than one year	From 1 year to 5 years	More than 5 years
	SR.	SR.	SR.	SR.
Accounts payable and other payable	11,468,800	11,468,800	--	--
Due to related party	418,284	418,284	--	--
Lease liabilities	527,038	29,203	177,189	320,646
Total	12,414,122	11,916,287	177,189	320,646

Description	As of 31 December 2024			
	Carrying amount	Less than one year	From 1 year to 5 years	More than 5 years
	SR.	SR.	SR.	SR.
Accounts payable and other payable	12,012,284	12,012,284	--	--
Lease liabilities	240,346	137,346	103,000	--
Total	12,252,630	12,149,630	103,000	--

Market Risk:

Market risk represents the risk arising from changes in market prices, such as foreign exchange rates and commission rates, which may affect the company's income. The objective of market risk management is to manage and monitor market risk exposures within acceptable limits while optimizing returns.

Currency Risk:

The company is exposed to foreign exchange risk resulting from exposure to various currencies, particularly fluctuations in exchange rates of other currencies against the Saudi Riyal. Foreign currency risk primarily arises from commercial transactions. The company's policy requires management to conduct regular reviews of currency risk exposure. For monetary assets and liabilities denominated in foreign currencies, the company ensures that net exposure to associated risks remains within acceptable levels by buying and selling foreign currencies at spot rates when necessary, to offset short-term imbalances.

The foreign currency risk that may arise in relation to the United States Dollar is not considered significant for the Company, as the exchange rate of the US Dollar is pegged to the Saudi Riyal.

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia
Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
For the Six-Month Period Ended 30 June 2025

Capital Risk:

The Company's objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns to the Company and benefits to other stakeholders, and to maintain a strong capital base to support the ongoing development of its operations.

The Company manages its capital structure by monitoring the return on net assets and making adjustments to it in light of changes in economic conditions. The Company also monitors capital using the gearing ratio, which is net debt (trade and other payables, less cash and bank balances). Capital refers to equity as shown in the statement of financial position plus net debt.

The following is the gearing ratio as of 30 June 2025 and 31 December 2024:

	30 June 2025 (Unaudited)	31 December 2024 (Unaudited)
	SR.	SR.
Total Liabilities	25,659,049	25,187,717
Less: cash and cash equivalents	7,389,383	24,018,509
Net debt	18,269,666	1,169,208
Capital	70,000,000	50,000,000
Additional paid-in-capital	21,839,626	10,000,000
Statutory reserve	--	4,260,797
Retained earnings	59,425,716	40,412,370
Equity	151,265,342	104,673,167
Equity and Net debt	169,535,008	105,842,375
%	10.78%	1.10%

23- Subsequent Events:

Management believes that no significant events have occurred subsequent to the date of these interim condensed consolidated financial statements that could have a material impact on the Group's financial position as presented therein.

24- Approval of Financial Statements for Issuance:

The Group's interim condensed consolidated financial statements for the period ended 30 June 2025 were approved for issuance in accordance with the Board of Directors' resolution dated 24 Safar 1447H. corresponding to 18 August 2025G.

25- General:

The figures presented in the interim condensed financial statements are rounded to the nearest Saudi Riyal.

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia
Interim Condensed Consolidated
Financial Statements (Unaudited)
For the Three-Month and Nine-Month Periods
Ended 30 September 2025 Together with the
Independent Auditor's Review Report

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia

Index

	Page	Exhibit
Independent Auditor's Review Report on Interim Condensed Consolidated Financial Information	1	--
Interim Condensed Consolidated Statement of Financial Position as of 30 September 2025 (Unaudited)	2	A
Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income For the Three-Month and Nine-Month Periods Ended 30 September 2025 (Unaudited)	3	B
Interim Condensed Consolidated Statement of Changes in Equity For the Nine-Month Period Ended 30 September 2025 (Unaudited)	4	C
Interim Condensed Consolidated Statement of Cash Flows For the Nine-Month Period Ended 30 September 2025 (Unaudited)	5	D
Notes to Interim Condensed Consolidated Financial Statements For the Nine-Month Period Ended 30 September 2025 (Unaudited)	6-19	--

شركة طلال أبوغزالة وشركاه محاسبون قانونيون
Talal Abu-Ghazaleh & Co. Certified Public Accountants
 Professional Register No. 1010424464 سجل شركة مهنية رقم ١٠١٠٤٢٤٤٦٤



Independent Auditor's Review Report on Interim Condensed Consolidated Financial Information

The Shareholders

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia

Introduction:

We have reviewed the accompanying interim condensed consolidated statement of financial position of **Dar Al Balad for Business Solution Company** (the "Company") – A Closed Joint Stock Company and its Subsidiary (Collectively referred to as "the Group") as of 30 September 2025, and the related interim condensed consolidated statements of profit or loss and other comprehensive income for the three-month and nine-month periods then ended, interim condensed consolidated statement of changes in equity, and interim condensed consolidated statement of cash flows for the nine-month period then ended and other explanatory notes.

Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34 ("IAS 34") - "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review:

We conducted our review in accordance with International Standard on Review Engagement 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 primarily of making inquiries 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 the International Standards on Auditing endorsed in the Kingdom of Saudi Arabia. Consequently, it 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.

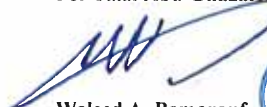
Conclusion:

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard No. (34) as endorsed in the Kingdom of Saudi Arabia.

Other Matters:

- As stated in Note (1) to the accompanying interim condensed consolidated financial statements, a subsidiary was acquired during the period ended 30 September 2025. Accordingly, the comparative figures do not include the assets, liabilities, and results of operations of the subsidiary. Also, the comparative figures for the period ended 30 September 2024 are unaudited and unreviewed and have been prepared and presented by the Group's management for comparative purposes.
- As stated in Note (1) to the accompanying interim condensed consolidated financial statements, the shareholders resolved on 2 March 2025 to convert the legal form of the Company from a limited liability company to a Saudi closed joint stock company.

For Talal Abu-Ghazaleh & Co.


Waleed A. Bamarouf
 Certified Public Accountant
 License No. 408



19 Jumada I 1447H.
 10 November 2025G.

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Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia
Interim Condensed Consolidated Statement of Financial Position (Unaudited)
As of 30 September 2025

Exhibit A

	Note	30 September 2025 (Unaudited) SR.	31 December 2024 (Audited) SR.
Assets			
Current Assets			
Cash and cash equivalents	(6)	15,600,761	24,018,509
Accounts receivables	(7)	82,878,428	46,366,158
Inventory		2,946,143	--
Other receivables		5,730,152	8,750,637
Unbilled revenue	(8)	47,963,210	24,483,555
Due from related parties	(9)	4,494,993	647,514
Investment portfolios at fair value through profit or loss	(10)	13,908,526	12,941,172
Total Current Assets		173,522,213	117,207,545
Non-Current Assets			
Property, plant, and equipment, net	(11)	5,383,363	389,565
Right-of-use assets, net	(12)	619,361	263,774
Investments in equity instruments at fair value through profit or loss	(13)	12,000,000	12,000,000
Total Non-Current Assets		18,002,724	12,653,339
Total Assets		191,524,937	129,860,884
Liabilities and Equity			
Current Liabilities			
Accounts payable		2,213,866	974,899
Other payables		8,011,409	11,037,385
Due to related parties	(9)	147,566	--
Lease liabilities – current portion	(12)	75,750	137,346
Provision for estimated zakat	(15)	3,266,621	2,919,985
Total Current Liabilities		13,715,212	15,069,615
Non-Current Liabilities			
Lease liabilities – non-current portion	(12)	498,520	103,000
Long-term employee benefit obligations		11,618,232	10,015,102
Total Non-Current Liabilities		12,116,752	10,118,102
Total Liabilities		25,831,964	25,187,717
Equity			
Capital	(16)	70,000,000	50,000,000
Additional capital contributions		21,839,626	10,000,000
Statutory reserve	(17)	--	4,260,797
Retained earnings		73,853,347	40,412,370
Total Equity – Exhibit C		165,692,973	104,673,167
Total Liabilities and Equity		191,524,937	129,860,884

The Accompanying Notes from (1) to (25) Constitute an Integral Part of
These Interim Condensed Consolidated Financial Statements

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia
Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (Unaudited)
For the Three-Month and Nine-Month Periods Ended 30 September 2025

Exhibit B

	Note	For the three-month period ended 30 September		For the Nine-month period ended 30 September	
		(Unaudited)	(Unaudited and reviewed)	(Unaudited)	(Unaudited and reviewed)
		SR.	SR.	SR.	SR.
Revenue	(18)	77,490,672	54,960,814	233,244,803	169,581,020
Cost of revenue	(19)	(62,102,610)	(49,198,030)	(186,348,200)	(144,181,196)
Gross Profit		15,388,062	5,762,784	46,896,603	25,399,824
Selling and distribution expenses		(445,181)	—	(1,263,747)	—
Administrative and general expenses	(20)	(1,365,361)	(1,432,069)	(6,365,276)	(4,430,249)
Operating Profit		13,577,520	4,330,715	39,267,580	20,969,575
Gains from investments at fair value through profit or loss		1,708,043	3,201,521	2,552,751	4,820,830
Other income		390,970	117,642	689,334	184,182
Finance costs		(11,261)	(130,452)	(149,790)	(358,947)
Income for the period before estimated Zakat		15,665,272	7,519,426	42,359,875	25,615,640
Estimated Zakat	(16)	(1,237,641)	(600,000)	(3,179,695)	(1,602,000)
Profit for the Period after Estimated Zakat		14,427,631	6,919,426	39,180,180	24,013,640
Basic and diluted earnings per share (EPS) from net profit	(21)	0.21	0.10	0.56	0.34

The Accompanying Notes from (1) to (25) Constitute an Integral Part of
These Interim Condensed Consolidated Financial Statements

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia
Interim Condensed Consolidated Statement of Changes in Equity (Unaudited)
For the Nine-Month Period Ended 30 September 2025

Exhibit C

	Share Capital	Additional Capital Contributions	Statutory Reserve	Retained Earnings	Total
	SR.	SR.	SR.	SR.	SR.
For the nine-month period ended 30 September 2024 (Unaudited and Unreviewed)					
Equity as at 01 January 2024 (Audited)	1,000,000	--	300,000	56,118,315	57,418,315
Profit for the period – Exhibit B	--	--	--	24,013,640	24,013,640
Dividends	--	--	--	(5,000,000)	(5,000,000)
Equity as at 30 September 2024 (Unaudited and Unreviewed)	1,000,000	--	300,000	75,131,955	76,431,955
For the nine-month period ended 30 September 2025 (Unaudited)					
Equity as at 01 January 2025 (Audited)	50,000,000	10,000,000	4,260,797	40,412,370	104,673,167
Increase in share capital – Note (15)	20,000,000	(10,000,000)	--	(10,000,000)	--
Transfer statutory reserve to retained earnings	--	--	(4,260,797)	4,260,797	--
Acquisition of Global Specialty Chemical Co. – Note (1)	--	21,839,626	--	--	21,839,626
Profit for the period – Exhibit B	--	--	--	39,180,180	39,180,180
Equity as at 30 September 2025 (Unaudited)	70,000,000	21,839,626	--	73,853,347	165,692,973

The Accompanying Notes from (1) to (25) Constitute an Integral Part of
These Interim Condensed Consolidated Financial Statements

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia
Interim Condensed Consolidated Statement of Cash Flows (Unaudited)
For the Nine-Month Period Ended 30 September 2025

	30 September 2025	30 September 2024
	(Unaudited)	(Unaudited and Unreviewed)
	SR.	SR.
Cash Flows from Operating Activities		
Profit for the period	39,180,180	24,013,640
Adjustments for non-cash income and expense:		
Depreciation of property, plant, and equipment	890,715	90,996
Depreciation of right-of-use assets	72,241	182,055
Provision for expected credit losses recognized in expenses	129,734	229,519
Finance costs	149,790	358,947
Provision for employee benefits obligation	1,290,000	1,188,321
Accrued Zakat	3,179,695	1,602,000
Unrealized (gain) from remeasurement of investments at fair value through profit or loss	(1,946,841)	(4,468,075)
Realized (gain) from investment portfolios	(355,732)	(352,755)
	<u>42,589,782</u>	<u>22,844,648</u>
Changes in operating assets and liabilities:		
Accounts receivables	(33,559,713)	(18,105,606)
Other receivables	3,798,651	3,250,773
Inventory	721,989	--
Net transactions with a related party	(4,469,459)	2,685,643
Unbilled revenue	(20,476,241)	(8,303,787)
Accounts payables	(401,117)	(2,165,902)
Other payables	(4,889,474)	(614,971)
Cash Flows from Operations	<u>(16,685,582)</u>	<u>(409,202)</u>
Zakat-paid	(3,332,417)	(2,059,455)
Finance cost-paid	(130,386)	(356,836)
Employee benefit obligation-paid	(563,581)	(1,544,508)
Net Cash (used in) Operating Activities	<u>(20,711,966)</u>	<u>(4,370,001)</u>
Cash Flows from Investing Activities		
Purchase of investments at fair value through profit or loss	(6,900,802)	(7,421,106)
Purchase of property, plant and equipment and project in progress	(179,782)	(25,422)
Proceeds from sale of investments at fair value	8,577,294	9,713,672
Net Cash from Investing Activities	<u>1,496,710</u>	<u>2,267,144</u>
Cash Flows from Financing Activities		
Dividends	--	(5,000,000)
Repayment of short-term loans	--	528,129
Lease settlement	(101,992)	(164,700)
Net Cash from Financing Activities	<u>(101,992)</u>	<u>(4,636,571)</u>
Net (decrease) in Cash and Cash Equivalents	<u>(19,317,248)</u>	<u>(6,739,428)</u>
Cash and cash equivalents at beginning of period	24,018,507	6,984,335
Cash acquired	10,899,502	--
Cash and Cash Equivalents at End of period – Exhibit A	<u>15,600,761</u>	<u>244,907</u>
Supplementary Information on Non-Cash Activities:		
Increase in share capital	20,000,000	--
Investments in a subsidiary	21,839,626	--
Transfer of statutory reserve to retained earnings	4,260,797	--

The Accompanying Notes from (1) to (25) Constitute an Integral Part of
These Interim Condensed Consolidated Financial Statements

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia
Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
For the Nine-Month Period Ended 30 September 2025

1- Formation and Nature of Business:

Dar Al Balad for Business Solutions Company - A Closed Joint Stock Company (hereinafter referred to as the "Company") was established under United Number 7002303746 and Commercial Registration No. 1010168374 issued in Riyadh on 9/11/1442H. valid until 9/11/1540H. and to practice the company's activity in operation and maintenance of buildings, installation and extension of computer and wired/wireless communication networks, maintenance and operation of electrical and electronic facilities and computers, installation and maintenance of machines and equipment, and computer telephony operations.

The financial statements include the assets, liabilities, and results of operations of the company and the following branches:

Branch Name	Commercial Registration Number	Registration Date (Hijri)	Issued Location
Dar Al-Balad Company for Communications and Information Technology	4030263432	14/03/1435 H.	Jeddah
Durar Al-Balad Company for Contracting	1010355941	12/01/1434 H.	Riyadh
Da'irat Al-Balad Company for Trading	1010218342	18/03/1427 H.	Riyadh

On 2 March 2025, the partners resolved to convert the legal form of the Company from a limited liability company to a Saudi closed joint stock company.

Acquisition of a Subsidiary:

The Company acquired all shares owned by Dar Al Balad Commercial Company, the Parent Company, in Global Specialty Chemicals Co. including all its assets and liabilities, at the book value of SR. 21,839,626 as of 31 December 2024. The Company recorded the transaction as additional paid-in capital, in accordance with the Share Transfer Agreement executed between the parties on 1 January 2025. The transfer of shares was completed with the Ministry of Commerce on 13 January 2025, resulting in the Company holding 100% of the subsidiary's capital amounting to SR.500,000. The transaction was accounted for at book value in compliance with the opinion issued by the Saudi Organization for Chartered and Professional Accountants dated 18/12/2014 concerning the accounting treatment of business combinations under common control.

The acquisition transaction took place on January 1, 2025, and the acquisition value was as follows:

	2024
	SR.
Total Current Assets	21,774,130
Total Non-Current Assets	6,157,042
Total Current Liabilities	(4,792,769)
Total Non-Current Liabilities	(1,298,777)
Acquisition consideration at book value recorded as additional paid-in capital	21,839,626

The accompanying consolidated financial statements include Global Specialty Chemical Co., which is controlled by the Company and in which the Company holds a controlling equity interest. The position of this company as follows:

	2025	
	Capital	Ownership percentage
	SR.	%
Global Specialty Chemicals Company	500,000	100%

Request for Listing on the Financial Market:

The Company's Extraordinary General Assembly, on 18 April 2025, approved the submission of an application to the Capital Market Authority (CMA) for the registration and listing of its shares on the Saudi Main Financial Market ("Tadawul") and the offering of 21 million ordinary shares, representing 30% of the Company's capital. The Board of Directors was authorized with full powers to complete the offering and listing process. The Company's management is currently preparing the registration and offering file to submit it to the CMA and other relevant authorities.

The financial statements represent only the assets, liabilities, and results of operations of the aforementioned commercial entities.

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia
Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
For the Nine-Month Period Ended 30 September 2025

The Company's registered address is as follows:

Riyadh - Al Olaya District
P.O. Box: 285121, Riyadh: 11323
Kingdom of Saudi Arabia

2- Basis of Preparation:

Statement of compliance:

These interim condensed consolidated financial statements have been prepared for the nine month period ending on 30 September 2025 in accordance with International Accounting Standard – 34 “Interim Financial Reporting” as endorsed in Kingdom of Saudi Arabia. The Company has prepared the interim condensed financial statements on a going concern basis. The Management of the company have considered that there are no material uncertainties that would cast significant doubt on this assumption and have expressed a judgment that it is reasonably expected that the company will have sufficient resources to continue its operation for the foreseeable future in a period of not less than 12 months from the end of the financial period.

These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the company's annual financial statements as of 31 December 2024. However, the results of operations for the interim periods may not be a fair indication of the results of operations for the full year.

Bases of Measurement:

These interim condensed financial statements have been prepared in accordance with the historical cost convention and the accrual basis of accounting, except for the investments at fair value through profit and loss which are stated at fair value.

Functional and Presentation Currency:

The interim condensed financial statements are presented in Saudi Riyal, which is the Group's functional currency.

3- Material Accounting Policies and Changes in the Group's Accounting Policies:

The accounting policies applied in the preparation of these interim condensed financial statements are consistent with those applied in the preparation of the Company's annual financial statements for the year ended 31 December 2024, except for the application of amendments to standards effective from 1 January 2025. The Company has not applied any standards, interpretations or amendments that have been issued but are not yet effective on an early basis.

4- Use of Estimates, Judgments, and Accounting Assumptions:

The Management has used estimates and judgments that affect the Group's application of accounting policies and the reported amounts of assets, liabilities, revenues, and expenses. Actual results may differ from these estimates.

The significant judgments made by the Management in applying the Group's accounting policies, and the key sources of estimation uncertainty, are similar to those disclosed in the most recent annual financial statements.

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia
Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
For the Nine-Month Period Ended 30 September 2025

5- Adoption of New and Amended International Financial Reporting Standards:

a) New and amended International Financial Reporting Standards that become effective:

The following new and amended International Financial Reporting Standards (IFRS), which are effective for financial periods beginning on or after 1 January 2025, have been applied in the preparation of the Group's financial statements. These standards did not have a material impact on the amounts and disclosures presented in the current year's financial statements, as follows:

Standard or interpretation	Description	Effective for periods beginning on or after the following date
International Accounting Standard IAS (21)	Lack of Exchangeability	1 January 2025

b) New and Amended International Financial Reporting Standards that are Not Yet Effective:

The Group has not applied any of the following new and amended International Financial Reporting Standards that have been issued but are not yet effective:

Standard or interpretation	Description	Effective for periods beginning on or after the following date
Amendments to IFRS (9) and IFRS (7)	Classification and Measurement of Financial Instruments	1 January 2026
Amendments to: IFRS (1) IFRS (7) IFRS (9) IFRS (10) and IAS (7)	Annual Improvements to IFRS Standards	1 January 2026
IFRS (18)	Presentation and Disclosure in Financial Statements	1 January 2027
IFRS (19)	Disclosures for Subsidiaries without Public Accountability	1 January 2027
IFRS (10) and IAS (28)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture Amendments to IFRS (10) and IAS (28)	Available for optional application / Effective date deferred indefinitely
International Financial Reporting Standard (S1) International Financial Reporting Standard (S2)	General Requirements for Disclosure of Sustainability-related Financial Information and Climate-related Disclosures	1 January 2024 (Application depends on regulatory adoption)

The standards, interpretations, and amendments effective from January 1, 2026 have no material impact on the Group's financial statements. As for the other standards, interpretations, and amendments mentioned above, the Group is currently evaluating their impact on the financial statements upon application.



Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia
Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
For the Nine-Month Period Ended 30 September 2025

6- Cash and Cash Equivalents:

The details of this item are as follows:

	30 September 2025 (Unaudited)	31 December 2024 (Audited)
	SR.	SR.
Current accounts with local bank in Saudi Riyal	9,566,720	402,024
Cash held by investment portfolios	6,034,041	23,616,485
Total – Exhibit A	15,600,761	24,018,509

7- Accounts Receivable, Net:

a) The details of this item are as follows:

	30 September 2025 (Unaudited)	31 December 2024 (Audited)
	SR.	SR.
Trade receivables	88,835,358	51,600,389
Provision for expected credit losses – Note (7/b)	(5,956,930)	(5,234,231)
Total – Exhibit A	82,878,428	46,366,158

b) The movement in the provision for impairment of receivables is as follows:

	30 September 2025 (Unaudited)	31 December 2024 (Audited)
	SR.	SR.
Balance at beginning of the period / year	5,234,231	4,928,206
Addition from acquisitions	592,966	--
Charge for the period / year	129,733	306,025
Balance at end of year – Note (7/a)	5,956,930	5,234,231

c) The following is an aging analysis of accounts receivable as at the period ended 30 September 2025 and the year ended 31 December 2024.

Year	Total	0-89 Days	90-179 Days	180-269 Days	270-359 Days	Over 359 Days
30 September 2025	88,835,358	66,908,672	12,865,068	3,595,644	3,050,632	2,415,342
31 December 2024	51,600,389	37,414,249	9,054,832	1,903,777	655,695	2,571,836

8- Unbilled Revenue:

The details of this item are as follows:

	30 September 2025 (Unaudited)	31 December 2024 (Audited)
	SR.	SR.
Balance at beginning of the period / year	24,483,555	17,009,036
Additions from acquisitions	3,003,414	--
Net additions during the period / year	48,174,050	24,483,555
Billed during the period / year	(27,697,809)	(17,009,036)
Balance at end of period / year – Exhibit A	47,963,210	24,483,555

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia
Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
For the Nine-Month Period Ended 30 September 2025

9- Related Parties:

The Group, in its ordinary course of business, deals with entities considered to be related parties. These parties include entities related to shareholders. Transactions with related parties are conducted at prices estimated and approved by the Group's management. The movement in this account is as follows:

a) Due from related parties:

	Nature of relationship	30 September 2025 (Unaudited)	31 December 2024
		SR.	SR.
Dar Al-Balad Commercial Company	Shareholder	4,492,363	20,000
Diesel Equipment Company	Affiliated Company	1,990	1,789
Dar Al Balad for Contracting and Operations Company	Affiliated Company	--	20,000
Addar Chemical Company	Affiliated Company	--	169,967
Direct Energy Company	Affiliated Company	640	540
Global Chemical Industries Company	Affiliated Company	--	39,094
Global Downstream Industries Company	Affiliated Company	--	323,309
Dar Al-Arab Industrial Consultancy Office	Affiliated Company	--	72,815
Total – Exhibit A		4,494,993	647,514

b) Due to related parties:

	Nature of relationship	30 September 2025 (Unaudited)	31 December 2024
		SR.	SR.
Dar Al Arab Industrial Consultancy Office	Affiliated Company	447,566	--
Total – Exhibit A		147,566	--

c) Major transaction with related parties:

	Nature of relationship	Type of relationship	Transaction amount 30 September 2025 (Unaudited)	Transaction amount 31 December 2024 (Audited)
Dar Al Arab Industrial Consultancy Office	Affiliated Company	Services and consultations provided	131,605	309140
Dar Al-Balad Commercial Company	Shareholder	Shareholder bearing full offering costs*	4,497,709	--
		Loans	3,200,000	--
		Administrative and consultancy services	105,800	--
Dar Al Balad for Contracting and Operations Company		Administrative and consultancy services provided	1,288,000	--
Direct Energy Company		Administrative and consultancy services provided	300,184	--
Saudi Tunisian Company for Electricity, Gas & Industrial Services		Administrative and consultancy services provided	318,335	--
Al-Alamiyah for Transformative Industries Company		Administrative and consultancy services provided	110,400	--
Diesel Equipment Company		Administrative and consultancy services provided	94,362	--
Key management person	Senior management	Salaries and benefits	883,167	865000
		Long-term employee benefits	2,326,198	1427233
		Board of directors remuneration	66,000	--

d) The shareholder has undertaken to bear the offering costs related to his 30% share of the Company's capital, in accordance with the resolutions of the Company's Extraordinary General Assembly (Note 1).

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia
Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
For the Nine-Month Period Ended 30 September 2025

10- **Investment Portfolios at Fair Value Through Profit or Loss:**

The details of this item are as follows:

	30 September 2025 (Unaudited)	31 December 2024 (Audited)
	SR.	SR.
Balance at the beginning of the period / year	12,941,172	4,610,695
Additions from acquisitions	342,627	--
Purchases during the period / year	6,900,802	28,307,962
Sale during the period / year	(8,577,294)	(22,822,787)
Total	11,607,307	10,095,870
Gain on sale of shares	354,378	495,562
Total Portfolio Before Revaluation	11,961,685	10,591,432
Cash dividends received	--	(29,000)
Unrealized gain from revaluation	1,946,841	2,378,740
Total – Exhibit A	13,908,526	12,941,172

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia
Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
For the Nine-Month Period Ended 30 September 2025

11- Property, Plant and Equipment, Net:

a) The details of cost and accumulated depreciation for the period ended 30 September 2025 are as follows:

	* Buildings	Tools and Equipment	Machinery and Equipment	Furniture and Fixture	Office equipment	Vehicles	Total
	SR.	SR.	SR.	SR.	SR.	SR.	SR.
Balance as at 01/01/2025	--	--	--	354,882	724,028	278,750	1,357,660
Additions from acquisition	5,605,738	496,868	4,224,375	128,873	48,452	325,848	10,830,154
Additions during the period	--	--	--	4,340	175,442	--	179,782
Balance as of 30/09/2025	5,605,738	496,868	4,224,375	488,095	947,922	604,598	12,367,596
Accumulated Depreciation							
Balance as of 01/01/2025	--	--	--	130,274	603,419	234,402	968,095
Additions from acquisition	1,288,598	468,826	2,990,711	55,391	41,429	280,468	5,125,423
Depreciation for the period	233,029	10,818	526,026	32,354	48,454	40,034	890,715
Balance as of 30/09/2025	1,521,627	479,644	3,516,737	218,019	693,302	554,904	6,984,233
Net property plant and equipment as of 30/09/2025 – Exhibit A	4,084,111	17,224	707,638	270,076	254,620	49,694	5,383,363

b) The buildings listed above are constructed on land leased from the Industrial Cities Authority at a nominal rate for a period of 20 years.

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia
Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
For the Nine-Month Period Ended 30 September 2025

c) The details of cost and accumulated depreciation for the year ended 31 December 2024 are as follows:

	Vehicles	Office equipment	Furniture and fixtures	Total
	SR.	SR.	SR.	SR.
Balance as at 01/01/2024	278,750	670,378	288,964	1,238,092
Additions during the year	--	53,650	65,918	119,568
Balance as of 31/12/2024	278,750	724,028	354,882	1,357,660
Accumulated Depreciation				
Balance as of 01/01/2024	198,798	569,233	79,828	847,859
Depreciation for the year	35,604	34,186	50,446	120,236
Balance as of 31/12/2024	234,402	603,419	130,274	968,095
Net property plant and equipment as of 31/12/2024 – Exhibit A	44,348	120,609	224,608	389,565

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia
Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
For the Nine-Month Period Ended 30 September 2025

12- Right-of-Use Assets / Lease Liabilities:

This item represents the application of International Financial Reporting Standard (IFRS) 16. The Company has adopted a single recognition and measurement principle for all lease contracts in which it is the lessee, with the exception of short-term leases and leases of low-value assets. The Company has recognized lease liabilities, representing the obligation to make lease payments, and corresponding right-of-use assets, which represent the right to use the underlying assets subject to the contracts.

	30 September 2025 (Unaudited)	31 December 2024 (Audited)
	SR.	SR.
Balance at beginning of period / year	957,638	670,538
Addition resulting from acquisition	563,032	--
Disposal during the period / year	(175,605)	--
Additions during the period / year	122,645	287,100
Total	1,467,710	957,638
Accumulated amortization		
Balance at beginning of the period / year	(693,864)	(476,970)
Addition from acquisition	(110,721)	--
Disposal during the period/year	28,477	--
Amortization charge for the period / year	(72,241)	(216,894)
Total	(848,349)	(693,864)
Net carrying amount of right-of-use assets – Exhibit A	619,361	263,774
Lease Liabilities:		
Balance at beginning of period / year	240,346	163,766
Addition resulting from acquisition	442,350	--
Additions during the period / year	122,645	287,100
Less / add:		
Payments made during the year period / year	(101,992)	(216,200)
Disposal during the year	(148,483)	--
Interest on lease liabilities	19,404	5,680
Total lease liabilities	574,270	240,346
Less: Current portion of lease liabilities – Exhibit A	75,750	137,346
Non-Current portion of lease liabilities – Exhibit A	498,520	103,000

* The leased assets consist of the lease of the company's premises for an amount of SR.40,000 per year for a period of three years, the lease of the Jeddah office for an amount of SR.63,000 for a period of two years, and the lease of the factory site land plot for an amount of SR.39,992 per year for a period of twenty years.

13- Investments in Equity Instruments at Fair Value Through Profit or Loss:

During the year 2024, the Company invested in Durr Real Estate Company (a limited liability company), with an investment in capital representing 8.89% for SAR 8,890, in addition to an investment in additional capital of SAR 11,991,110. The company's activities include electrical wiring installation, computer and communication network installation, buying and selling land and real estate and their subdivision, off-plan sales activities, and general construction of non-residential buildings (e.g., schools, hospitals, hotels, etc.). The investment is measured at book value, as it does not differ from fair value, which was assessed by an external party as of 31 December 2024.

	Investment Percentage	Balance at Beginning of Period	Additions During the Period	Balance at End of Period
	SR.	SR.	SR.	SR.
Durr Real Estate Company	8.89%	12,000,000	--	12,000,000
Total – Exhibit A		12,000,000	--	12,000,000

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia
Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
For the Nine-Month Period Ended 30 September 2025

14- Bank Facilities:

The Company has a Sharia-compliant credit facilities agreement with Saudi Investment Bank for Dar Al Balad for Business Solutions Company in the amount of SAR 10,000,000 (2023: SAR 8,000,000) for the purpose of financing the purchase and sale of goods and the issuance of various guarantees. Key guarantees associated with the agreement include the provision of performance and advance payment guarantees by: the Small and Medium Enterprises Financing Guarantee Program, major shareholders and the issuing company. The utilized facility amounts are payable in a single lump sum after six months with interest based on the Saudi Central Bank (SAMA) rate plus 1% annually.

15- Provision for Estimated Zakat:

The movement on the zakat provision is as follows:

	30 September 2025 (Unaudited)	31 December 2024 (Audited)
	SR.	SR.
Balance of Zakat provision at beginning of period / year	2,919,985	2,119,819
Addition from acquisitions	499,358	--
Zakat provision charged during the period / year	3,179,695	2,859,621
Zakat provision paid during the period / year	(3,332,417)	(2,059,455)
Balance of provision at end of period / year – Exhibit A	3,266,621	2,919,985

Dar Al-Balad Business Solutions Company

The company has filed its Zakat declarations through the end of 2024 and has obtained final Zakat certificates. It has not received any final tax/Zakat assessment to date, and there are no outstanding Zakat objections against the Company.

Global Specialty Chemical Co.

- The Company has submitted its Zakat declarations and financial statements to the Zakat, Tax and Customers Authority (ZATCA) for the period from its incorporation through 2024 and has settled the amounts due pursuant to those declarations.
- During 2024, the authority issued a Zakat assessment for the year 2020, resulting in a Zakat liability for the Company amounting to SR.10,488. The amount has been settled and the Zakat assessment finalized.

16- Capital:

During the period, the share capital was increased from SR.50 million to SR.70 million as follows:

	30 September 2025 (Unaudited)
	SR.
Share capital at beginning of period	50,000,000
Transferred from additional paid-in-capital	10,000,000
Transferred from retained earnings	10,000,000
Share capital at end of period – Exhibit A	70,000,000

The Company's share capital amounted to SR.70 million, divided into 70 million cash shares of equal value. The value of each share was SR.1. All shares are ordinary shares issued for cash consideration.

	Number of Share	Share Value	Paid-up Value
		SR.	SR.
Dar Al Balad Commercial Company	67,200,000	1	67,200,000
Najem Al-Olaya Trading Company	1,400,000	1	1,400,000
Najem Commercial Investment Company	1,400,000	1	1,400,000
Share Capital – Exhibit A	70,000,000		70,000,000

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia
Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
For the Nine-Month Period Ended 30 September 2025

The Extraordinary General Assembly of the Company approved, on 18/4/2025, the request to list the Company's shares on the financial market "Tadawul" and to offer 30% of the Company's capital.

The Ordinary General Assembly also approved the Employee Share Program and the allocation of 1.5% of the Company's shares as treasury shares for this program.

17- Statutory Reserve:

In accordance with the Company's Articles of Association, 10% of the annual net income is appropriated to form the statutory reserve. The Company may discontinue this appropriation when the reserve reaches 30% of the share capital. Pursuant to the shareholders' resolution dated 12 February 2025, the amount has been transferred to retained earnings.

18- Revenues:

a) The Company's revenue is derived from providing services in both information systems and technical support for telecommunications and information technology software systems.

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2025 (Unaudited)	2024 (Unaudited and unreviewed)	2025 (Unaudited)	2024 (Unaudited and unreviewed)
	SR.	SR.	SR.	SR.
Managed business services	11,808,282	5,752,793	29,808,463	22,042,426
IT consulting services	24,962,454	18,862,794	75,575,205	61,117,460
Management IT services	36,555,977	29,316,031	109,566,276	85,373,776
Smart Internet of Things (IoT) Services	--	1,029,196	--	1,047,358
Industrial chemical impurity purification services	1,426,079	--	5,833,482	--
Industrial maintenance services	2,238,015	--	9,890,462	--
Industrial supply	499,865	--	2,570,915	--
Total – Exhibit B	77,490,672	54,960,814	233,244,803	169,581,020

b) Analysis of revenue by timing of recognition:

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2025 (Unaudited)	2024 (Unaudited and unreviewed)	2025 (Unaudited)	2024 (Unaudited and unreviewed)
	SR.	SR.	SR.	SR.
Industrial maintenance services recognized over time	76,990,807	54,960,814	230,673,888	169,581,020
Sales of goods and spare parts recognized at a point in time	499,865	--	2,570,915	--
Total – Note (18/a)	77,490,672	54,960,814	233,244,803	169,581,020

19- Cost of Revenues:

The details of this item are as follows:

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2025 (Unaudited)	2024 (Unaudited and unreviewed)	2025 (Unaudited)	2024 (Unaudited and unreviewed)
	SR.	SR.	SR.	SR.
Cost of managed business services	8,419,279	5,663,656	23,333,140	17,932,319
Cost of IT consulting services	20,470,786	16,733,694	61,402,032	51,300,990
Cost of managed IT services	31,178,595	26,800,680	91,689,073	72,705,608
Cost of smart Internet of Things (IoT) services	--	--	--	1,224,754
Other costs	--	--	734,845	1,017,526
Cost of industrial chemical impurity purification services	113,763	--	812,940	--
Cost of industrial maintenance services	1,529,263	--	6,736,607	--
Cost of industrial supply	390,924	--	1,639,563	--
Total – Exhibit B	62,102,610	49,198,030	186,348,200	144,181,196

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia
Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
For the Nine-Month Period Ended 30 September 2025

20- General and Administrative Expenses:

The details of this item are as follows:

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2025 (Unaudited)	2024 (Unaudited and Unreviewed)	2025 (Unaudited)	2024 (Unaudited and Unreviewed)
	SR.	SR.	SR.	SR.
Salaries, wages and related benefits	1,252,728	951,549	3,232,334	3,003,706
Government fees and subscriptions	49,891	44,619	166,675	99,845
Depreciation of property, plant and equipment	303,722	27,939	890,715	90,996
Hotel accommodation	37,474	24,688	156,673	137,843
Withholding tax and value added tax	106,318	44,152	345,257	135,213
Expenses for expected credit loss	(847,821)	76,506	129,734	229,519
Depreciation of right-of-use assets	22,737	43,633	72,241	182,055
Legal and professional fees	60,000	7,000	342,000	103,750
Board of directors meeting allowances	40,000	--	66,000	--
Other	340,312	211,983	963,647	447,322
Total – Exhibit B	1,365,361	1,432,069	6,365,276	4,430,249

21- Basic and Diluted Earnings Per Share:

Earnings per share is calculated by dividing the net profit by the weighted average number of outstanding shares, amounting to 70,000,000 shares. The basic earnings per share is the same as diluted earnings per share, as the Group has no dilutive instruments.

22- Financial Risk Management:

Overview

The Company is exposed to the following risks arising from the use of financial instruments:

- Capital Management Risk.
- Credit Risk.
- Liquidity Risk.
- Market Risk (including currency risk and commission rate risk).

This note shows information on the Company's exposure to the above risks, the Company's objectives, policies and procedures regarding measuring and managing risks, and managing the Company's capital. Additional quantitative disclosures have been included in these financial statements.

Risk Management:

The Board of Directors bears the full responsibility for developing and supervising Company's risk management frameworks. Company's risk management policies have been developed to identify and analyze the risks encountered by the Company. Appropriate risk limits and controls have been developed in addition to the compliance thereof. Risk management policies and rules are reviewed regularly to reflect changes in market conditions and the Company's activities.

Capital Management Risk:

The Company aims at, in managing capital, maintaining the company's ability to continue as an operating entity, achieving returns to partners and benefits to other stakeholders and maintaining an optimal capital structure that reduces the cost of capital.

Credit risk:

Credit risk represents the risk of a company incurring financial loss if a customer or other party fails to meet their contractual obligations regarding a financial instrument. It arises primarily from outstanding payments owed by customers.

Financial instruments exposed to credit risk mainly include cash, near-cash, and trade receivables.

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia
Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
For the Nine-Month Period Ended 30 September 2025

Cash and cash equivalents:

Credit risk relating to balances in banks is managed through the Company's finance department in accordance with the Company's policies as the Company seeks to deal with reputable banks and a good credit rating. The Company's management has not identified any significant impacts arising from the concentration of credit risk of balances in the banks as at the date of preparation of the financial statements.

Liquidity Risk:

Liquidity risk refers to the risk that the Company may not be able to meet its financial obligations as they fall due. The Company's approach to liquidity risk management is to ensure, as far as reasonably possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or exposing the Company to significant damage that could adversely affect its reputation.

The Company generally aims to maintain adequate cash balances on demand to meet expected operating expenses, including the settlement of financial obligations. This excludes the potential impact of extreme circumstances that cannot be reasonably anticipated, such as natural disasters. In addition, the Company has credit facilities available to finance its working capital requirements.

Management prepares cash flow forecasts and monitors projected liquidity requirements of the Company to ensure that sufficient liquidity is available to meet its operational needs.

The table below summarizes the Company's financial liabilities based on undiscounted contractual cash flows. The amounts disclosed in the table represent undiscounted contractual cash flows. Amounts due within twelve months approximate their carrying values, as the effect of discounting is not considered to be significant.

Description	30 September 2025 (Unaudited)			
	Carrying amount	Less than one year	From 1 year to 5 years	More than 5 years
	SR.	SR.	SR.	SR.
Accounts payable and other payable	10,225,275	10,225,275	--	--
Due to related party	147,566	147,566	--	--
Lease liabilities	574,270	75,750	498,520	--
Total	10,947,111	10,448,591	498,520	--

Description	31 December 2024 (Audited)			
	Carrying amount	Less than one year	From 1 year to 5 years	More than 5 years
	SR.	SR.	SR.	SR.
Accounts payable and other payable	12,012,284	12,012,284	--	--
Lease liabilities	240,346	137,346	103,000	--
Total	12,252,630	12,149,630	103,000	--

Market Risk:

Market risk represents the risk arising from changes in market prices, such as foreign exchange rates and commission rates, which may affect the company's income. The objective of market risk management is to manage and monitor market risk exposures within acceptable limits while optimizing returns.

Currency Risk:

The company is exposed to foreign exchange risk resulting from exposure to various currencies, particularly fluctuations in exchange rates of other currencies against the Saudi Riyal. Foreign currency risk primarily arises from commercial transactions. The company's policy requires management to conduct regular reviews of currency risk exposure. For monetary assets and liabilities denominated in foreign currencies, the company ensures that net exposure to associated risks remains within acceptable levels by buying and selling foreign currencies at spot rates when necessary, to offset short-term imbalances.

The foreign currency risk that may arise in relation to the United States Dollar is not considered significant for the Company, as the exchange rate of the US Dollar is pegged to the Saudi Riyal.

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia
Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
For the Nine-Month Period Ended 30 September 2025

Capital Risk:

The Company's objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns to the Company and benefits to other stakeholders, and to maintain a strong capital base to support the ongoing development of its operations.

The Company manages its capital structure by monitoring the return on net assets and making adjustments to it in light of changes in economic conditions. The Company also monitors capital using the gearing ratio, which is net debt (trade and other payables, less cash and bank balances). Capital refers to equity as shown in the statement of financial position plus net debt.

The following is the gearing ratio as of 30 September 2025 and 31 December 2024:

	30 September 2025 (Unaudited)	31 December 2024 (Unaudited)
	SR.	SR.
Total Liabilities	25,831,964	25,187,717
Less: cash and cash equivalents	15,600,761	24,018,509
Net debt	10,231,203	1,169,208
Capital	70,000,000	50,000,000
Additional paid-in-capital	21,839,626	10,000,000
Statutory reserve	--	4,260,797
Retained earnings	73,853,347	40,412,370
Equity	165,692,973	104,673,167
Equity and Net debt	175,924,176	105,842,375
%	5.82%	1.10%

23- Subsequent Events:

Management believes that no significant events have occurred since the end of the financial period that could have a material impact on the Company's financial position as presented in these condensed interim financial statements.

The Board of Directors recommended, in its meeting held on 10 November 2025, that the General Assembly approve dividend distributions amounting to 9 million Saudi Riyals.

24- Approval of Financial Statements for Issuance:

The Group's interim condensed consolidated financial statements for the period ended 30 September 2025 were approved for issuance in accordance with the Board of Directors' resolution dated 19 Jumada I 1447H. corresponding to 10 November 2025G.

25- General:

The figures presented in the interim condensed financial statements are rounded to the nearest Saudi Riyal.

**Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia**

**Consolidated Financial Statements
For the Year Ended 31 December 2025
And Independent Auditor's Report**



Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia

Index

	Page	Exhibit
Independent auditor's Report	1-4	--
Consolidated Statement of Financial Position as of 31 December 2025	5	A
Consolidated Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 31 December 2025	6	B
Consolidated Statement of Changes in Equity for the Year Ended 31 December 2025	7	C
Consolidated Statement of Cash Flows for the Year Ended 31 December 2025	8	D
Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025	9-36	--

شركة طلال أبوغزالة وشركاه محاسبون قانونيون
Talal Abu-Ghazaleh & Co. Certified Public Accountants
 Professional Register No. 1010424464 مسجل شركة مهنية رقم ١٠١٠٤٢٤٤٦٤



Independent Auditor's Report

To the Shareholders
 Dar Al Balad for Business Solutions Company
 A Closed Joint Stock Company
 Kingdom of Saudi Arabia

Opinion:

We have audited the consolidated financial statements of **Dar Al Balad for Business Solutions Company – A Closed Joint Stock Company (the 'Company')** and its subsidiary (the “Group”) which comprise the consolidated statement of financial position as of 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the years then ended, and the accompanying notes to the consolidated financial statements, including a summary of material accounting policy information.

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

Basis for Opinion:

We conducted our audit in accordance with International Standards on Auditing (ISAs) 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 consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with that code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters:

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

WB

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 ص.ب. ٩٧٦٧ الرياض ١١٤٢٣ - المملكة العربية السعودية

Independent Auditor's Report on the Consolidated Financial Statements to the Shareholders of Dar Al Balad for Business Solutions Company - A Closed Joint Stock Company for the year ended 31 December 2025 (continued):

Key Audit Matter	How Our Audit Addressed the Key Audit Matter
<u>Revenue Recognition</u> The Group's revenue is primarily derived from information systems services and technical support for communications and information technology software programs. The Group recognized revenue amounting to SR.315.3 million during the year ended December 31, 2025 (2024: SR. 243.3 million). The Group recognizes revenue upon rendering services to customers, applying the five-step model in accordance with IFRS 15 and the applicable pricing terms. The Group focuses on revenue as a key performance measure, which may create pressure to misstate revenue. Based on the factors noted above, and the materiality of the amounts involved, we considered revenue recognition as a key audit matter. Please refer to Notes 4 and 21 of the accompanying consolidated financial statements for the accounting policy and other related information on revenue recognition.	<u>We performed the following procedures:</u> – Reviewed the Group's revenue recognition policy to ensure compliance with the requirements of International Financial Reporting Standards as endorsed in the Kingdom of Saudi Arabia. – Discussed the general policies and procedures and evaluated the Group's internal controls over revenue recognition. – Examined a sample of contracts to verify that revenue was recognized in accordance with the terms of contracts with customers and the Group's revenue recognition policies. – Performed detailed testing and examined invoices on a sample basis to ensure revenue was accurately recorded at the correct price. – Tested revenue transactions before and after year-end to ensure revenue was recognized in the correct accounting period. – Assessed the adequacy of the relevant disclosures included in the accompanying consolidated financial statements.

Emphasis of Matter:

As disclosed in Note (1), the following occurred during the year ended December 31, 2025:

- Acquisition of a subsidiary; accordingly, the comparative figures do not include the assets, liabilities, and results of operations of the subsidiary.
- Conversion of the Company's legal entity from a limited liability company to a closed joint stock company based on the partners' resolution dated March 2, 2025, and the statutory procedures have been completed.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the IFRS as adopted in the Kingdom of Saudi Arabia and other pronouncements and Standards endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA) and Companies' Regulation and Company's By-law 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 consolidated statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (board of directors) are responsible for overseeing the Group's financial reporting process.



Independent Auditor's Report on the Consolidated Financial Statements to the Shareholders of Dar Al Balad for Business Solutions Company - A Closed Joint Stock Company for the year ended 31 December 2025 (continued):

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements:

Our objectives are to obtain reasonable assurance about whether the consolidated 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis to form an opinion on the group financial statements. We are responsible for the direction, supervision, and performance of the Group audit. We remain solely responsible for our audit opinion.

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Independent Auditor's Report on the Consolidated Financial Statements to the Shareholders of Dar Al Balad for Business Solutions Company - A Closed Joint Stock Company for the year ended 31 December 2025 (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, related safeguards.

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

For Talal Abu-Ghazaleh & Co.


Waleed A. Bamarouf
Certified Public Accountant

License No. 408

11 Shawwal 1447H.
30 March 2025G.



Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia
Consolidated statement of financial position
As of 31 December 2025

Exhibit A

	Note	2025 SR.	2024 SR.
Assets			
Current Assets			
Cash and cash equivalents	(6)	28,479,727	24,018,509
Accounts receivable and unbilled revenues	(7)	122,683,946	70,849,713
Inventory		2,523,061	--
Other debit balances	(8)	13,398,020	8,750,637
Due from related parties	(9)	6,057,084	647,514
Investment portfolios at fair value through profit or loss	(10)	14,402,601	12,941,172
Total Current Assets		187,544,439	117,207,545
Non-Current Assets			
Property, plant and equipment, net	(11)	5,124,579	389,565
Right-of-use assets	(12)	593,394	263,774
Investments in equity instruments at fair value through profit or loss	(13)	12,107,236	12,000,000
Total Non-Current Assets		17,825,209	12,653,339
Total Assets		205,369,648	129,860,884
Liabilities and Equity			
Current Liabilities			
Accounts payable	(15)	1,870,755	974,899
Other credit balances	(16)	16,747,094	11,037,385
Lease liabilities – current portion	(12)	99,271	137,346
Zakat provision	(17)	4,626,027	2,919,985
Total Current Liabilities		23,343,147	15,069,615
Non-Current Liabilities			
Lease liabilities – non-current portion	(12)	481,963	103,000
Long term employees' benefits obligations	(18)	10,714,663	10,015,102
Total Non-Current Liabilities		11,196,626	10,118,102
Total Liabilities		34,539,773	25,187,717
Equity			
Capital	(19)	70,000,000	50,000,000
Additional capital contributions		21,839,626	10,000,000
Statutory reserve	(20)	--	4,260,797
Retained earnings		78,990,249	40,412,370
Total Equity – Exhibit C		170,829,875	104,673,167
Total Liabilities and Equity		205,369,648	129,860,884

**The Accompanying Notes from (1) to (34) Constitute an Integral Part of
These Consolidated Financial Statements**

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 December 2025

Exhibit B

	Note	2025	2024
		SR.	SR.
Revenue	(21)	315,347,221	243,325,288
Cost of revenue	(22)	(252,273,729)	(197,641,332)
Gross Profit		63,073,492	45,683,956
Selling and distribution expenses	(23)	(1,690,078)	--
General and administrative expenses	(24)	(10,610,702)	(6,071,729)
Operating profit		50,772,712	39,612,227
Other income		1,685,421	394,675
Gains from revaluation of investments in equity instruments at fair value through profit or loss	(13)	107,236	--
Investment income	(25)	3,241,953	3,472,007
Financial charges	(26)	(725,968)	(1,011,314)
Income before estimated Zakat		55,081,354	42,467,595
Estimated Zakat	(17/a)	(4,539,101)	(2,859,621)
Profit for the year – Exhibit C		50,542,253	39,607,974
Other comprehensive income:			
<i>Items that will not be reclassified subsequently to profit and loss:</i>			
Gain from re-measurement of employees benefits obligation	(18)	2,774,829	2,646,878
Total other comprehensive income for the year		2,774,829	2,646,878
Total comprehensive income for the year		53,317,082	42,254,852
Basic and diluted Earnings per Share from Net Profit	(27)	0.72	0.57

The Accompanying Notes from (1) to (34) Constitute an Integral Part of These Consolidated Financial Statements

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia
Consolidated Statement of Changes in Equity
For the Year Ended 31 December 2025

Exhibit C

	Capital	Additional capital contribution	Statutory reserve	Retained earnings	Total
	SR.	SR.	SR.	SR.	SR.
Equity as of 01 January 2024	1,000,000	--	300,000	56,118,315	57,418,315
Dividends paid*	--	--	--	(5,000,000)	(5,000,000)
Profit for the year 2024	--	--	--	39,607,974	39,607,974
Other comprehensive income	--	--	--	2,646,878	2,646,878
Total comprehensive income – Exhibit B	--	--	--	42,254,852	42,254,852
Transferred to statutory reserve	--	--	3,960,797	(3,960,797)	--
Increase in share capital	49,000,000	--	--	(49,000,000)	--
Additional contributions to capital	--	10,000,000	--	--	10,000,000
Equity as of 31 December 2024 – Exhibit A	50,000,000	10,000,000	4,260,797	40,412,370	104,673,167
Dividends paid*	--	--	--	(9,000,000)	(9,000,000)
Profit for the year 2025	--	--	--	50,542,253	50,542,253
Other comprehensive income	--	--	--	2,774,829	2,774,829
Total comprehensive income – Exhibit B	--	--	--	53,317,082	53,317,082
Transfer of statutory reserve to retained earnings	--	--	(4,260,797)	4,260,797	--
Increase in share Capital – Note (19)	20,000,000	(10,000,000)	--	(10,000,000)	--
Acquisition of GCS Solutions Company – Note (1)	--	21,839,626	--	--	21,839,626
Equity as at 31 December 2025 – Exhibit A	70,000,000	21,839,626	--	78,990,249	170,829,875

* On November 20, 2025, the Ordinary General Assembly resolved to distribute dividends for the year ended 31 December 2024, to shareholders amounting to SR. 9,000,000, based on the recommendation of the Board of Directors at its meeting held on 10 November 2025 (2024: SR.5,000,000).

The Accompanying Notes from (1) to (34) Constitute an Integral Part of
These Consolidated Financial Statements

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia
Consolidated Statement of Cash Flows
For the Year Ended 31 December 2025

Exhibit D

	2025	2024
	SR.	SR.
Cash Flow from Operating Activities		
Profit for the year	50,542,253	39,607,974
Adjustments for non-cash income and expenses:		
Deprecation of property, plant and equipment	1,159,250	120,236
(Gain) from revaluation of investment in equity instrument at fair value through profit or loss	(107,236)	--
Provision for employee benefits allocated to expenses	3,306,827	3,253,651
Unrealized (gain) from investment at fair value	(2,440,916)	(2,378,740)
Realized (gains) from investments at fair value	(354,379)	(1,093,267)
Depreciation of right-of-use assets	98,208	216,894
Provision for impairment of receivables allocated to expenses	789,607	306,025
Provision for Zakat allocated to expenses	4,539,101	2,859,621
Financing interest	565,423	468,884
	58,098,138	43,361,278
Changes in Operating Assets and Liabilities		
Accounts receivable and unbilled revenue	(46,151,258)	(26,095,939)
Other debit balances	(4,647,383)	(3,146,698)
Inventory	(2,523,061)	--
Due from related parties	(5,409,570)	2,447,058
Due to related parties	--	(173,648)
Accounts payables	895,856	(1,809,533)
Other credit balances	5,709,709	4,286,487
Cash Flow from Operations	5,972,431	18,869,005
Employee benefits obligations-paid	(1,248,203)	(1,613,083)
Provision for Zakat-paid	(3,332,417)	(2,059,455)
Net cash from operating activities	1,391,811	15,196,467
Cash Flow from Investing Activities		
Net changes to investments at fair value through income or loss	1,461,429	6,600,522
Addition to property, plant and equipment	(189,533)	(119,568)
Net cash from investing activities	1,271,896	6,480,954
Cash Flow from Financing Activities		
Dividends distribution – paid	(9,000,000)	(5,000,000)
Short-term loans – paid	--	(9,427,047)
Additional paid in capital	--	10,000,000
Operating leases – paid	(101,992)	(216,200)
Net cash (used in) financing activities	(9,101,992)	(4,643,247)
Net (decrease) / increase in cash and cash equivalents	(6,438,285)	17,034,174
Cash acquired	10,899,503	--
Cash and cash equivalents, beginning of the year	24,018,509	6,984,335
Cash and Cash Equivalents, End of The Year – Exhibit A	28,479,727	24,018,509
Supplementary Information on Non-Cash Activities:		
Transfer of additional paid-in-capital to share capital	10,000,000	--
Capital increase from retained earnings	20,000,000	49,000,000
Transfer of statutory reserve to retained earnings	4,260,797	--
Investment at fair value through profit or loss	--	12,000,000

The Accompanying Notes from (1) to (34) Constitute an Integral Part of These Consolidated Financial Statements

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia
Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2025

1- Formation and Nature of Business:

Dar Al Balad for Business Solutions Company – A Closed Joint Stock Company (hereinafter referred to as the "Company") was established under the Unified National Number 7002303746 and Commercial Registration No. 1010168374 issued in Riyadh, dated 09/11/1442H valid until 09/11/1540H, to practice the company's activity in the operation and maintenance of buildings, installation and extension of computer networks and wired and wireless communications, maintenance and operation of electrical, electronic and computer facilities, installation and maintenance of machinery and equipment, and computer telephony operations.

The financial statements include the assets, liabilities, and results of operations of the company and the following branches:

Branch name	Commercial registration No.	Registration Date	Issued in
Dar Al Balad for Communications & IT	7002475247	14/3/1435H	Jeddah
Durar Al Balad Contracting Company	7002303761	12/1/1434H	Riyadh
Dayerat Al Balad Trading Company	7002999923	18/3/1427H	Riyadh

Based on the partners' resolution dated March 2, 2025, the legal entity of the company was converted from a limited liability company to a closed joint stock company, and the statutory procedures have been completed.

Acquisition of a Subsidiary

The Company acquired 100% of the shares of GSC Solutions (formerly: Specialty Chemicals Company) from Dar Al Balad Commercial Company (the parent company), at its book value amounting to SR.21,839,626 as of 31 December 2024. The Company recorded this amount as additional paid-in capital, as stated in the share transfer agreement signed between the parties on 01 January 2025. The transfer of shares was completed with the Ministry of Commerce on 13 January 2025, and the Company obtained 100% ownership of its capital amounting to SR.500,000. The net assets acquired were accounted for at book value in accordance with the opinion of the Accounting Standards Committee of the Saudi Organization for Certified Public Accountants (SOCPA) dated 18 December 2014, regarding the accounting treatment for business combinations under common control. The acquisition was accounted for on January 1, 2025, and the acquisition consideration was as follows:

	2025
	SR.
Total Current Assets	21,774,130
Total Non-Current Assets	6,157,042
Total Current Liabilities	(4,792,769)
Total Non-Current Liabilities	(1,298,777)
Acquisition consideration at book value in the form of additional paid-in capital	21,839,626

The accompanying consolidated financial statements include GSC Solutions (formerly: Global Specialty Chemicals Company), which is controlled by the Company and in which the Company holds controlling equity interests. The details of this company are as follows:

	2025	
	Capital	Ownership percentage
	SR.	%
GSC Solutions Company	500,000	100%

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia
Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2025

Application for Listing on the Financial Market:

The Company's Extraordinary General Assembly approved on April 18, 2025, to file an application with the Capital Market Authority to register and offer its shares on the main Saudi stock market ("Tadawul") and to offer 21 million ordinary shares representing 30% of the Company's share capital, and authorized the Board of Directors with full authority to complete the offering and listing process. The Company's management prepared the registration and offering file and submitted it to the Capital Market Authority and relevant authorities. On Rajab 11, 1447H, corresponding to December 31, 2025, the Capital Market Authority issued its approval based on the application of Dar Al Balad Business Solutions Company to register its shares and offer 21 million shares for public subscription, representing 30% of the Company's total shares. The Authority's approval of the application is effective for a period of six months from the date of the Authority's Board resolution, and the approval shall be void if the offering and listing of the Company's shares is not completed within this period. The financial statements represent the assets, liabilities, and results of operations of the above-mentioned commercial registrations only.

The Head Office is located at the following address:

Riyadh – Al Olaya District
P.O. Box 285121
Postal Code 11323
Kingdom of Saudi Arabia

2- Basis of Preparation

Statement of compliance with International Financial Reporting Standards:

These consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee issued by the International Accounting Standards Board (IASB) adopted in the Kingdom of Saudi Arabia, and other standards and issuances issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA) (hereinafter collectively referred to as "IFRS adopted in the Kingdom of Saudi Arabia").

Basics of presentation and measurement:

These consolidated financial statements were prepared on the historical cost basis and using the accrual basis, except for employee benefits obligations, which were measured at the present value of future obligations, and investments measured at fair value through profit or loss.

Functional and Presentation Currency and Foreign Currency Translation:

The financial statements are presented in Saudi Riyal, which is the Group's functional currency. Transactions in foreign currencies are initially recorded at the spot rates of the functional currency at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the spot rates of the functional currency at the date of the financial statements. Differences arising from the settlement or translation of monetary items are recognized in profit or loss.

Basis of Consolidation:

These consolidated financial statements include the assets, liabilities, and results of operations of the subsidiaries indicated above.

Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee only if the Group has:

- Power over the investee;
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect the amount of the investor's returns.

The Company reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia
Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2025

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether it controls an investee, including:

- The size of the Company's voting rights relative to the size and dispersion of voting rights held by other shareholders;
- Potential voting rights held by the Company or other shareholders;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances indicating that the Company has, or does not have, the current ability to direct the relevant activities at the time decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date control is transferred to the Company until the date control ceases.

Total comprehensive income is attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All assets and liabilities, equity, income, expenses, and cash flows relating to transactions between entities within the Group are eliminated in full upon consolidation.

Fair Value Measurement:

Fair value is the price received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of an asset or liability is measured assuming that market participants will benefit when pricing the assets and liabilities and will act in their best economic interests.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses evaluation methods appropriate to circumstances, for which sufficient data are available to measure fair value, along with increasing use of observable inputs and reducing use of non-observable inputs.

All assets and liabilities measured at fair value or disclosed in financial statements are classified under the below fair value hierarchy levels and based on the lowest level inputs that are significant to measuring fair value as a whole:

- Level 1: Quoted prices in an active market for similar assets or liabilities.
- Level 2: Evaluation methods from which the lowest level inputs that are significant to measuring fair value, are observable whether directly or indirectly.
- Level 3: Evaluation methods for which the lowest level inputs that are significant to measuring fair value, non-observable.

For the purpose of fair value disclosures, the Company identified categories of assets and liabilities based on the nature, characteristics and risks of those assets or liabilities and the above fair value hierarchy levels.

3- Use of Accounting Estimates, Judgments and Assumptions:

Preparation of these financial statements in accordance with IFRSs requires using estimates, judgments and assumptions that may affect amounts of assets, liabilities and disclosures of contingent assets and liabilities at the financial position date, as well as amounts of income and expenses recorded during the related period. Although these estimates are based on best information available to the Management on events and activities, the final results may differ from these estimates.

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia
Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2025

Estimates and assumptions are reviewed on an ongoing basis and the effect of changes in accounting estimates is disclosed in the period in which they occur and the affected future periods. The following are the key assumptions and main sources of estimation uncertainty at financial position date, which have a significant impact that may lead to material future adjustments.

Employee Benefits Obligations:

End of service benefits are classified as a defined benefit plan. This program is considered unfunded, The liability recognized in the statement of financial position relating to the defined benefit end-of-service benefit program is the present value of the defined benefit obligation at the end of the reporting period. The defined liability is calculated annually by an independent actuary using the projected unit credit method. Any actuarial gains and losses arising from actuarial assumptions are charged to the statement of other comprehensive income in the period in which they arise. Past service costs, current service costs and net interest are recognized immediately in the income statement.

Estimated Useful Lives of Property, Plant and Equipment:

The cost of intangible assets, property, plant and equipment is depreciated on a systematic basis over the estimated useful lives of these assets. Management reviews the useful lives and depreciation method annually to ensure they reflect the expected benefits to be obtained. The useful lives have been determined based on the following factors:

- Expected use of the asset
- Expected physical deterioration depending on operational and environmental factors
- Legal restrictions and similar limitations on asset use

Management has not determined a residual value for these assets due to immateriality.

Impairment of Accounts Receivable:

The Group assesses whether there are any indications of a measurable impairment in the estimated future cash flows. Accordingly, an impairment provision is recorded based on the "expected credit loss" model. This requires making reasonable judgments regarding several factors including the age and quality of receivables, guarantees provided, and customers' credit ratings. Additionally, the impact of changes in economic indicators and data on the expected credit loss model is taken into consideration.

Estimated Zakat:

Zakat fees on ordinary activities are the sum of total Zakat. The calculation of Zakat on the Group necessarily includes a degree of estimation in respect of certain items that cannot be determined definitively until a decision is reached with the Zakat, Tax and Customs Authority (ZATCA) or according to the relevant legal decisions. The final settlement of some of these items may result in profits, losses or cash flows.

Provisions:

Provisions are recognized when the Group has a liability (legal or constructive) arising from a past event and there is a possibility that costs to settle the obligation will arise which can be reliably measured. When the Company expects to receive compensation for some or all of the provision- for example, under an insurance contract - compensation is recognized as an independent asset but only in the event that the compensation is virtually certain. Expenses relating to the provision are presented in the statement of profit or loss, net of any compensation.

Fair Value Measurement:

Fair value represents 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 under current market conditions, whether that price is directly observable or determined by using another valuation technique.

Fair value measurement is based on the assumption that the transaction to sell the asset or transfer the liability occurs either:

- In the principal market for the asset or liability; or
- In the most advantageous market for the asset or liability in the absence of a principal market.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their best economic interest.

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia
Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2025

Unbilled Revenue:

The use of the percentage-of-completion method for recognizing contract revenue requires additional estimates of revenues, costs, profits, and amounts to be recognized in each accounting period. These estimates may be revised throughout the contract term and are reviewed regularly based on customer change orders.

4- Material Accounting Policy Information:

The material accounting policies applied by the Group in the preparation of these financial statements are consistently applied as follows:

Current and Non-Current Classification of Assets and Liabilities:

The company presents its assets and liabilities in the statement of financial position as "current / non-current". Assets shall be deemed current:

- When it is expected to be realized in, or is intended for sale or consumption in, the normal operating cycle;
- When it is expected to be realized within twelve months after the reporting period, or
- When it is cash and cash equivalents, unless it is restricted from being exchanged or used to settle any liabilities for at least twelve months after the reporting period.

All other assets shall be classified as non-current.

Liabilities shall be deemed current when they mature within twelve months after the reporting period.

The Company classifies all other liabilities as non-current liabilities.

Deferred tax assets and liabilities are classified as non-current assets and non-current liabilities.

Property, Plant and Equipment:

Items of property, plant and equipment are stated in the statement of financial position at cost less accumulated depreciation and impairment in value, if any.

Depreciation is calculated on these assets, except land, on a straight line basis so as to allocate the cost of the assets less their residual values over their estimated useful lives using the following annual depreciation rates:

Asset	Depreciation Rate
Building	5%
Tools and equipment	25%
Machinery and equipment	25%
Furniture and fixtures	10%
Office equipment	25%
Vehicles	25%

Sold or disposed assets are derecognized along with their accumulated depreciation on the date of their sale or disposal. Gains or losses on sale or disposal are recognized in profit or loss.

The Company adds to the carrying amount of an item of property, plant and equipment the cost of replacing parts of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia
Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2025

Right-of-Use Assets and Lease Liabilities:

The Company has recognized assets and liabilities for its operating leases of various contract types. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period to achieve a constant periodic interest rate on the remaining lease liability balance. The right-of-use asset is depreciated over the shorter of the asset's useful life or the lease term on a straight-line basis.

The initial measurement of lease-related assets and liabilities is based on present value.

The right-of-use asset is measured at cost, which includes:

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

The lease liability includes the present value of the following lease payments:

- Fixed payments (including substantially fixed payments) less any lease incentives payable
- Variable lease payments based on an index or rate
- Amounts expected to be paid under residual value guarantees
- The exercise price of purchase options if reasonably certain to be exercised, and termination penalties if the lease term reflects option exercise

Lease payments are discounted using the incremental borrowing rate, representing the rate the lessee would pay to borrow funds for a similar asset under similar terms. Payments for short-term leases (12 months or less) and low-value asset leases are recognized as straight-line expenses in the income statement.

Lease terms are renegotiated individually with varied conditions. Lease agreements impose no covenants, and leased assets are not used as loan collateral.

Related Parties:

Related parties are identified by the Company in accordance with the definition in International Accounting Standard 24 "Related Party Disclosures". A related party transaction is a transfer of resources, services or obligation between the Company and a related party regardless of whether a price is charged. Terms and conditions of these transactions are approved by the Company's management.

Revenue Recognition:

Under IFRS 15 "Revenue from Contracts with Customers", revenue is measured based on the amount specified in the customer contract, excluding amounts collected on behalf of third parties. The Group recognizes revenue when control of goods is transferred or services are performed for customers. The principles of IFRS 15 are applied using the following five steps:

Step 1: Identify the contract - Applicable when:

- The contract is approved and committed to by all parties
- Each party's rights are identified
- Payment terms are defined
- The contract has commercial substance
- The contract is collectible

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia
Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2025

Step 2: Identify performance obligations - By determining all goods/services agreed in the contract and whether each represents a separate performance obligation. A good/service is distinct and separate from other obligations if:

- The customer can benefit from it separately or with other readily available resources
- It is separately identifiable from other goods/services in the contract

Step 3: Determine transaction price - The amount the Group expects in exchange for providing agreed goods/services to customers.

Step 4: Allocate transaction price - To each performance obligation based on stand-alone selling prices of services provided to the customer.

Step 5: Recognize revenue - When the customer obtains control of goods or services.

Revenue is recognized when performance obligations under customer contracts are satisfied. This occurs when obligations are fulfilled and control is transferred to the customer, typically upon delivery of goods or performance of services. Control may transfer at a point in time or over time. For obligations satisfied over time, the Group measures progress using input or output methods that best reflect work completed.

Expenses:

The expenses incurred by the Group consist of cost of sales, general and administrative expenses, and selling and distribution expenses. Expenses arising from the Company's efforts related to revenue generation are classified under a separate line item called "Cost of Revenue." Expenses related to administration and not associated with sales are classified as general and administrative expenses. Expenses resulting from selling and distribution functions are classified as selling and distribution expenses. Shared expenses, where applicable, are allocated between general and administrative expenses and cost of sales on a consistent basis. The accrual basis of accounting is applied in recognizing general and administrative expenses within the financial period.

Zakat Provision:

Zakat shall be separately calculated and recognized in the statement of income for each financial period in accordance with regulations of the Zakat, Tax and Customs Authority (ZATCA). Zakat shall be settled upon receipt of the final Zakat assessment. Differences between zakat provision and final assessment made by the Zakat, Tax and Customs Authority are charged to the income statement at the time of receipt of the final Zakat assessment.

Value-Added Tax (VAT):

Value Added Tax deposits represent 15% of the total sales value (output tax), and 15% of the total value of purchases and paid expenses (input tax) is deducted. The difference between these amounts is then transferred (paid) to the Zakat, Tax and Customs Authority.

Borrowing Costs:

The Group recognizes all borrowing costs as an expense in the statement of comprehensive income in the period in which they are incurred.

Provisions and Contingent Items:

Provisions are recognized when the Group has a present (legal or constructive) obligation arising from past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. If the Group expects that a provision will be reimbursed in whole or in part, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The related expenses of any provision are presented net of the recognized reimbursement in the income statement. Where the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia
Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2025

Provisions are not recognized for future operating losses. Also, contingent assets and liabilities are not recognized.

Bank Facilities and Loans:

Loans and bank facilities are initially recognized at fair value (represented by the proceeds received) net of transaction costs incurred, if any. Subsequent to initial recognition, these long-term loans are measured at amortized cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the repayment amount is recognized in profit or loss over the loan period using the effective interest method. Loans are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

Dividends Payable to Shareholders:

Dividends distributed to the Company's shareholders are recognized as a liability when such dividends are declared in accordance with the Companies Law in the Kingdom of Saudi Arabia. Dividends are declared upon approval by the shareholders, or by authorization from the shareholders to the Board of Directors to distribute interim dividends to the Company's shareholders on a semi-annual or quarterly basis pursuant to a resolution of the Ordinary General Assembly, which is renewed annually. This is done in proportion to the Company's financial position and cash flows. The corresponding amount is deducted directly from shareholders' equity.

Cash and Cash Equivalents:

Cash and cash equivalents represent cash on hand, bank balances, demand deposits, and highly liquid investments with original maturities of three months or less.

Trade Receivables and Other Receivables:

Most sales are made under standard credit terms and are non-interest bearing. If credit is extended beyond normal terms, trade receivables are measured at amortized cost using the effective interest rate method. At each reporting date, the carrying amount of trade and other receivables is reviewed to determine whether there is objective evidence that the amounts are not recoverable. If such evidence exists, an impairment loss is recognized immediately in profit or loss.

Trade Payables and Other Payables:

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business under normal credit terms and are non-interest bearing. Liabilities that bear interest are subsequently measured at amortized cost using the effective interest rate method.

Financial instruments at fair value through profit or loss:

Financial assets at fair value through profit or loss include financial assets at cost for trading, financial assets designated at fair value through profit or loss upon initial recognition, and financial assets that are mandatorily measured at fair value. Financial assets are classified as "held for trading" if they are acquired for the purpose of selling or repurchasing in the near future. Financial assets at fair value through profit or loss are recorded in the statement of financial position at fair value, and net changes in fair value are recognized in the statement of profit or loss. Financial assets at fair value through profit or loss consist of short-term investments in a discretionary portfolio managed by the Company, acquired primarily for the purpose of selling and repurchasing in the near term.

For securities traded on organized financial markets, fair value is determined by reference to quoted market bid prices at the close of business on the reporting date.

For securities that are not traded on the financial markets, a reasonable estimate is made by management for its fair value.

Financial Instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity or financial liabilities or equity instrument of another entity.

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia
Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2025

Financial Assets:

Financial assets include:

- Cash
- A contractual right to receive a financial asset from another entity (receivables)
- A contractual right to exchange financial instruments with another entity under favorable conditions of entity.
- A non-derivative contract where the entity is or may be required to receive a variable number of entity's own equity instruments.

Classification and Initial Recognition:

An entity classifies its financial assets in the following measurement categories:

- Financial assets that are subsequently measured at fair value (either through statement of income (FVSI) or other comprehensive income (FVTOC))
- Financial assets measured at amortized cost.

Classification is based on the business model used in the entity for managing financial assets and contractual terms of cash flows.

For assets measured at fair value, gains or losses are recognized either in the statement of income or other comprehensive income. For investment in debt instruments, it depends on the business model of this investment. For investment in equity instruments, it depends on whether the entity has made an irrevocable choice at the time of initial recognition of equity instruments at FVTOCI. The entity reclassifies debt instruments only when its business model changes to manage those assets.

At initial recognition, an entity measures its financial assets (not classified as fair value through statement of income) at fair value plus transaction costs directly attributable to the acquisition of financial assets. In the case of financial assets classified as at FVSI, transaction costs are recognized in the statement of income.

Subsequent Measurement of Financial Assets:

Equity Instruments:

- All equity investments are to be measured at fair value and if the entity's management decides to present fair value gains or losses on equity investments within other comprehensive income, then gains (losses) on fair values cannot be reclassified subsequently in the statement of income. Dividend from the investment are recognized as income when the entity's right to receive payments is established.
- Impairment losses and reversal of impairment losses on equity investments measured at FVTOCI are not treated separately from other changes in fair value.
- Changes in the fair value of financial assets at (FVTPL) are recognized in other income in the statement of income as appropriate.

Debt Instruments:

Subsequent measurement for debt instruments is based on the entity's business model for asset management and cash flow characteristics of assets. There are three measurement categories and the entity classifies debt instruments by:

- **Amortized cost:**
Financial assets held for contractual cash flows represent the original investment and related interest thereon and are measured at amortized cost. Gains or losses on debt instruments at amortized cost that are not part of a hedging relationship are recognized in profit or loss when it is derecognized or impaired.
Interest income from financial assets is recognized using the effective interest rate method.
- **Fair value through other comprehensive income (FVOCI):**
Financial assets held for contractual cash flows and for sale, where cash flows represent the investment asset and interest thereon and are measured at FVOCI.

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia
Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2025

Changes in fair value are recognized through other comprehensive income except for the recognition of gains or losses relating to impairment, interest income and foreign exchange gains / losses in the statement of income. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is transferred from equity to income statement, recognized as other gains or losses and interest income from financial assets and treated as financial interest using the effective interest rate method.

• **Fair value through statement of income (FVSI):**

Assets that do not meet amortized cost or FVOCI are measured at fair value through statement of income. Gains or losses arising from subsequent measurement of investment in debt instruments are recognized at fair value through statement of income that is not part of a hedging relationship within the statement of income. They are recognized as net gains or losses in the period in which they arise. Interest income from these financial assets is recognized as financial interest.

Effective Interest Method:

The effective interest method is a method for calculating the amortized cost of a debt instrument and allocating interest revenue over the relevant period. The effective interest rate is the rate that discounts future cash payments received through the life expectancy of the debt instrument or, if appropriate, in the shorter period to carrying amount at initial recognition.

Impairment:

- The entity assesses expected future credit losses for financial assets at amortized cost and FVOCI. The impairment methodology applied depends on whether there is a significant increase in credit risk.
- For trade receivables only, the entity applies the “simplified approach” permitted by IFRS 9, which requires the recognition of lifetime expected losses in initial recognition of receivables.

Financial Liabilities:

Financial liabilities include:

- A contractual obligation to deliver cash or another financial asset to another entity.
- A contractual obligation to exchange financial instruments with another entity under conditions that are potentially unfavorable to the entity.
- A non-derivative contract where the entity is obliged to provide a variable number of entity's own equity instruments.

Initial Recognition:

Financial liabilities are recognized initially at fair value. The financial liabilities of the entity include trade payables, other payables and long-term loans from the government at a lower market rate.

Subsequent Measurement:

The entity classifies all financial liabilities after initial recognition at amortized cost.

Offsetting Financial Instruments:

Financial assets and liabilities shall be offset and the net amount presented in the statement of financial position only when there is a current enforceable right to settle the amounts recognized and when there is an intention to settle on a net basis or to liquidate assets and settle liabilities simultaneously.

Disposal of Financial Assets and Liabilities:

- An entity derecognizes a financial asset only when the contractual rights to cash flows from the asset expire or when it transfers the financial asset and all the risks and rewards of ownership thereof to another party. If an entity neither transfers nor retains all risks and rewards of ownership and continues to control the asset, the entity recognizes its share held in the asset and the liability for the amounts it may pay. If an entity retains substantially all risks and rewards of ownership of the financial asset, the entity continues to recognize the financial asset and recognize the associated liability.

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia
Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2025

- On derecognition of a financial asset measured at amortized cost, the difference between the carrying amount of the asset and the amount of the consideration received and receivable is recognized in the statement of income. In addition, upon derecognition of an investment in a debt instrument classified as FVOCI, the cumulative gain or loss previously recognized in the revaluation reserve is reclassified to profit or loss. Upon derecognition of an investment in equity instruments that the Company has chosen to recognize initially by measuring at (FVOCI), the cumulative gain or loss recognized in the investment revaluation reserve is not classified as profit or loss, but are converted to retained earnings.
- Financial liabilities are derecognized only when the liabilities are discharged, canceled, expired or invalidated. The difference between the carrying amounts of the financial liabilities and the amounts paid and required, including any non-monetary assets transferred or liabilities recognized in the statement of income, is recognized.

Post-Employment Benefits:

Defined Contribution Plan:

The Group contributes to the retirement and social insurance provisions for its employees in accordance with Saudi Labor Law. The Company recognizes its share of fixed contributions to the General Organization for Social Insurance (GOSI) each month as expenses. The Group has no legal or constructive obligation to pay any additional contributions beyond these, and its sole obligation is to pay the contributions when they become due.

End-of-Service Benefits Provision:

These benefits represent the employees' end-of-service award program. The amounts payable are calculated under Saudi Labor Law to compensate employees for their accumulated periods of service. The Group's net obligations regarding these unfunded defined benefit plans ("the obligations") are calculated by estimating the future benefits employees will earn in return for their service in the current and prior periods, then discounting these benefits to determine their present value, along with any unrecognized past service costs.

The discount rate used is the market yield on government bonds at the financial statements date that have maturity dates approximating the terms of the Company's obligations. The cost of providing benefits under these unfunded defined benefit plans is determined using the projected unit credit method to calculate the present value of the Company's obligations.

The obligations under these unfunded defined benefit plans consist of the present value of the obligations adjusted for any unrecognized past service costs and any unrecognized actuarial gains/losses. Currently, there are no past service costs.

There are no unrecognized remeasurement gains or losses, as all remeasurement gains or losses have been recorded as income or expenses in the other comprehensive income statement during the period in which they arose.

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia
Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2025

5- Adoption of New and Amended International Financial Reporting Standards:

New and amended International Financial Reporting Standards that become effective 01 January 2025:

Standard or interpretation	Description	Effective for periods beginning on or after the following date
International Accounting Standard IAS (21)	Lack of Exchangeability	1 January 2025

New and Amended International Financial Reporting Standards that are Not Yet Effective:

The following are the standards, interpretations, and amendments issued but not yet effective as of the date of issuance of the financial statements. The Group intends to apply these standards, where applicable, when they become effective.

Standard or interpretation	Description	Effective for periods beginning on or after the following date
Amendments to IFRS (9) and IFRS (7)	Classification and Measurement of Financial Instruments	1 January 2026
Amendments to: IFRS (1) IFRS (7) IFRS (9) IFRS (10) and IAS (7)	Annual Improvements to IFRS Standards	1 January 2026
IFRS (18)	Presentation and Disclosure in Financial Statements	1 January 2027
IFRS (19)	Disclosures for Subsidiaries without Public Accountability	1 January 2027
Amendment to IAS 21	Translation to Hyperinflationary Presentation Currency	January 1, 2027
IFRS (10) and IAS (28)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture Amendments to IFRS (10) and IAS (28)	Available for optional application / Effective date deferred indefinitely
International Financial Reporting Standard (S1) International Financial Reporting Standard (S2)	General Requirements for Disclosure of Sustainability-related Financial Information and Climate-related Disclosures	1 January 2025 (Application depends on regulatory adoption)

The standards, interpretations, and amendments effective from January 1, 2026 have no material impact on the Group's financial statements. As for the other standards, interpretations, and amendments mentioned above, the Group is currently evaluating their impact on the financial statements upon application.

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia
Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2025

6- Cash and Cash Equivalent:

The details of this item are as follows:

	2025	2024
	SR.	SR.
Current accounts with local banks in Saudi Riyal	9,230,064	402,024
Current accounts with local banks in Foreign currencies	200,598	9,153,287
Cash held in investment portfolios	19,049,129	14,463,198
Total - Exhibit A	28,479,727	24,018,509

7- Accounts Receivable, Net:

a) The details of this item are as follows:

	2025	2024
	SR.	SR.
Trade accounts receivable	75,260,530	51,600,389
Unbilled revenue – Note (7/b)	54,040,220	24,483,555
Provision for impairment of receivables – Note (7/c)	(6,616,804)	(5,234,231)
Total – Exhibit A	122,683,946	70,849,713

b) Unbilled revenue:

The movements in this item are as follows:

	2025	2024
	SR.	SR.
Balance at the beginning of the year	24,483,555	17,009,036
Addition from acquisition	3,003,414	--
Additions during the year	52,603,516	137,298,337
Invoices issued	(26,050,265)	(129,823,818)
Balance at end of the year – Note (7/a)	54,040,220	24,483,555

a) The movement in the provision for impairment of receivables is as follows:

	2025	2024
	SR.	SR.
Balance at beginning of the year	5,234,231	4,928,206
Additions from acquisition	592,966	--
Charged during the year – Note (24)	789,607	306,025
Balance at end of the year – Note (7/a) – Exhibit A	6,616,804	5,234,231

b) The analysis of accounts receivable based on the Group's provision matrix as of 31 December:

	Total	0-90 days	91-180 days	181-270 days	271-360 days	Over 1 Year
	SR.	SR.	SR.	SR.	SR.	SR.
2025	129,300,750	106,144,191	11,018,612	7,768,511	3,280,637	1,088,799
2024	76,083,944	61,897,804	9,054,832	1,903,777	655,695	2,571,836

8- Other Debit Balances:

The details of this item are as follows:

	2025	2024
	SR.	SR.
Prepaid expenses	3,765,352	4,588,715
Margin on letters of guarantee – Note (31)	363,463	--
Employee advance	357,992	489,389
Advances to suppliers	1,001,264	--
Value added tax (VAT)	7,909,949	3,672,533
Total – Exhibit A	13,398,020	8,750,637

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia
Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2025

9- Related Parties:

a) Due from related parties-short term:

The company deals in its ordinary course of business with related parties which include entities related to the shareholders. Transaction with related parties occurred at prices and payment terms estimated and approved by the Group's management. The movements in these accounts are summarized below:

	Nature of relationship	Movement during the year		2025	2024
		Debit	Credit		
		SR.	SR.	SR.	SR.
Dar Al-Balad Commercial Company	Shareholder	9,431,431	3,396,978	6,054,453	20,000
Diesel Equipment Company	Affiliated Company	136,739	136,709	1,819	1,789
Dar Al-Balad for Contracting and Operations	Affiliated Company	--	20,000	--	20,000
Dar Chemicals Company	Affiliated Company	--	169,967	--	169,967
Direct Energy Company	Affiliated Company	394,825	394,555	812	540
Global Chemical Industries Company	Affiliated Company	--	39,094	--	39,094
Global Manufacturing Industries Company	Affiliated Company	110,440	433,709	--	323,309
Dar Al-Arab Industrial Consulting Office	Affiliated Company	881,012	953,825	--	72,815
Total – Exhibit A		6,057,084		6,057,084	647,514

b) Significant transactions with related parties are as follows:

Related Party	Nature of Relationship	Transaction Type	Transaction amount 2025	Transaction Amount 2024
			SR.	SR.
Dar Al-Balad Commercial Company	Shareholder	Short-Term Loan Financing Provided to owner	3,200,000	38,800,000
		Collection of Short-Term Loans	--	(38,200,000)
		Services and Consulting Provided by owner	(105,800)	(2,380,251)
		Payments for Services and Consulting	--	199,859
		Receipts for Services and Consulting	3,589,476	1,111,982
		Transfer to Investments in Companies' Capital	--	(125,622)
		Initial offering expenses (shareholders)	6,059,800	--
		Expenses paid on behalf	109,022	--
Diesel Equipment Company	Affiliated Company	Services and Consulting Provided to the party	136,537	137,190
		Receipts for Services and Consulting	--	(105)
		Expenses paid on behalf	(136,537)	(148,535)
			30	--

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia
Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2025

Dar Al-Balad for Contracting and Operations	Affiliated Company	Services and Consulting Provided to the party Repayment of Short-Term Loans Short-Term Loan Financing Received from Payments for Services and Consulting Receipts for Services and Consulting Services and Consulting Provided by the party Expenses paid on behalf	(1,656,000) -- -- -- (1,658,166) 46,000 28,166	2,233,896 41,333,450 (42,854,174) 41,937 (261,388) (300,073) --
Dar Chem Group Company	Affiliated Company	Services and Consulting Provided to Receipts for Services and Consulting	-- --	20,700 (175,641)
Dar Chemicals Company	Affiliated Company	Receipts for Services and Consulting	--	(150,000)
Direct Energy Company	Affiliated Company	Services and Consulting Provided to Receipts for Services and Consulting Expenses paid on behalf	394,555 (394,555) 272	292,917 (336,154) --
Global Manufacturing Industries Company	Affiliated Company	Services and Consulting Provided to Receipts for Services and Consulting	110,400 (433,709)	730,979 (1,353,328)
Global Chemical Industries Company	Affiliated Company	Services and Consulting Provided to Receipts for Services and Consulting	-- --	65,504 (26,410)
Global Thermal Chemicals Company	Affiliated Company	Services and Consulting Provided to Receipts for Services and Consulting	-- --	50,066 (159,166)
Rafia Chemicals Company	Affiliated Company	Receipts for Services and Consulting Consulting Services and Administrative Expenses	-- --	(554,347) 17
Global Specialty Chemicals Company	Subsidiary Company	Short-Term Loan Financing Received from Services and Consulting Provided to Repayment of Short-Term Loans to Receipts for Services and Consulting	-- -- -- --	(17,500,000) 253,056 17,500,000 (253,116)



Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia
Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2025

Dar Al-Arab Industrial Consulting Office	Affiliated Company	Services and Consulting Provided by Payments for Services and Consulting Receipts for Services and Consulting Services and Consulting Provided to Expenses paid on behalf	(131,605) 878,212 (811,221) -- 8,200	(309,140) 452,785 (145,955) 20,443 --
Najm Investment Company	Shareholder	Services and Consulting Provided to Receipts for Services and Consulting Collection of Short-Term Loans Short-Term Loan Financing Provided to	-- -- -- --	50,715 (50,715) (3,050,790) 3,000,000
Fala Agricultural Company	Affiliated Company	Consulting Services and Administrative Expenses Receipts for Services and Consulting	-- --	7,674 (7,735)
Saudi Tunisian Electricity and Gas Company	Affiliated Company	Services and Consulting Provided to Collection of Short-Term Loans Receipts for Services and Consulting Short-Term Loan Financing Provided to Expenses paid on behalf	424,447 -- (424,587) -- 140	431,793 (1,000,000) (716,516) 1,000,000 --
Key Executives	Senior Management	Salaries and Benefits	1,080,000	865,000
Board of directors	Members	Long-Term Employee Benefits Obligations Remuneration	1,607,207 557,000	1,427,233 --

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia
Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2025

10- Investment Portfolios at Fair Value Through Profit or Loss:

The details of this item are as follows:

	2025	2024
	SR.	SR.
Balance at beginning of the year	12,941,172	4,610,695
Additions from acquisition	342,627	--
Purchases during the year	6,900,802	28,307,962
Sales during the year	(8,577,294)	(22,822,787)
Total	11,607,307	10,095,870
Gains on sale of shares	354,378	495,562
Total portfolio before revaluation	11,961,685	10,591,432
Cash dividends received	--	(29,000)
Unrealized gains from revelation – Note (25)	2,440,916	2,378,740
Total – Exhibit A	14,402,601	12,941,172

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia
Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2025

11- Property, Plant and Equipment, Net:

a) The details of cost and accumulated depreciation for the year 31 December 2025 are as follows:

Cost	Buildings*	Machinery & Tools	Plant & Equipment	Furniture and fixtures	Office equipment	Vehicles	Total
SR.	SR.	SR.	SR.	SR.	SR.	SR.	SR.
Balance at 1/01/2025	--	--	--	354,882	724,028	278,750	1,357,660
Additions form acquisition	5,605,738	496,868	4,224,375	128,873	48,452	325,848	10,830,154
Additions during the year	--	--	--	4,340	185,193	--	189,533
Balance at 31/12/2025	5,605,738	496,868	4,224,375	488,095	957,673	604,598	12,377,347
Less: Accumulated Depreciation							
Balance at 1/01/2025	--	--	--	130,274	603,419	234,402	968,095
Additions form acquisition	1,288,598	468,826	2,990,711	55,391	41,429	280,468	5,125,423
Depreciation for the year – Note (24)	311,559	13,091	667,678	43,217	70,180	53,525	1,159,250
Balance at 31/12/2025	1,600,157	481,917	3,658,389	228,882	715,028	568,395	7,252,768
Property, plant and equipment, net - 31/12/2025 – Exhibit A	4,005,581	14,951	565,986	259,213	242,645	36,203	5,124,579

* The buildings mentioned above are constructed on land leased from the Industrial Cities Authority at a nominal rate for a period of 20 years.

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia
Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2025

b) The details of cost and accumulated depreciation for the year 31 December 2024 are as follows:

	Vehicles	Office equipment	Furniture and fixtures	Total
Cost	SR.	SR.	SR.	SR.
Balance at 1/01/2024	278,750	670,378	288,964	1,238,092
Additions during the year	--	53,650	65,918	119,568
Balance at 31/12/2024	278,750	724,028	354,882	1,357,660
Less: Accumulated Depreciation				
Balance at 1/01/2024	198,798	569,233	79,828	847,859
Depreciation for the year	35,604	34,186	50,446	120,236
Balance at 31/12/2024	234,402	603,419	130,274	968,095
Property, plant and equipment, net - 31/12/2024 – Exhibit A	44,348	120,609	224,608	389,565

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia
Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2025

12- Right-of-Use Assets / Lease Liabilities:

This item represents the application of International Financial Reporting Standard (IFRS) 16. The Group has adopted a single recognition and measurement principle for all lease contracts in which it is the lessee, with the exception of short-term leases and leases of low-value assets. The Group has recognized lease liabilities, representing the obligation to make lease payments, and corresponding right-of-use assets, which represent the right to use the underlying assets subject to the contracts.

	2025	2024
	SR.	SR.
Balance at beginning of year	957,638	670,538
Addition resulting from acquisition	563,032	--
Disposal during the year	(175,605)	--
Additions during the year	122,645	287,100
Total	1,467,710	957,638
Accumulated amortization		
Balance at beginning of the year	(693,864)	(476,970)
Addition from acquisition	(110,721)	--
Disposal during the year	28,477	--
Amortization charge for the year – Note (24)	(98,208)	(216,894)
Total	(874,316)	(693,864)
Right-of-use assets – Exhibit A	593,394	263,774
Lease Liabilities:		
Balance at beginning of year	240,346	163,766
Addition resulting from acquisition	442,350	--
Additions during the year	122,645	287,100
Less / add:		
Payments made during the year	(101,992)	(216,200)
Disposal during the year	(148,483)	--
Interest on lease liabilities – Note (26)	26,368	5,680
Total	581,234	240,346
Current portion of lease liabilities – Exhibit A	99,271	137,346
Non-Current portion of lease liabilities – Exhibit A	481,963	103,000

* The leased assets consist of the lease of the company's premises for an amount of SR.40,000 per year for a period of three years, the lease of the Jeddah office for an amount of SR.63,000 for a period of two years, and the lease of the factory site land plot for an amount of SR.39,992 per year for a period of twenty years.

13- Investments in Equity Instruments at Fair Value Through Profit or Loss:

During 2024, the Company invested in Durar Real Estate Company (a limited liability company), acquiring an 8.89% capital stake for SR.8,890 along with an additional capital investment of SR. 11,991,110. The investee company's activities include: electrical wiring installation, computer and communication network installation, land and real estate trading and subdivision, off-plan sales activities, and general construction of non-residential buildings (such as schools, hospitals, hotels, etc.). These investments were valued at book value as it did not differ from fair value, which was prepared by an external party in 2024. In the current year, a valuation was obtained from an external valuator, Ahmed Zaki Al-Kulaibi Management Consulting Company, resulting in revaluation gains of SR.107,236.

Investment	Percentage	Balance at beginning of the year	Revaluation	Balance at end of the year
			SR.	SR.
Durar Real Estate Company	8.89%	12,000,000	107,236	12,107,236
Total – Exhibit A		12,000,000	107,236	12,107,236

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia
Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2025

14- Bank Facilities:

Dar Al Balad Business Solutions Company has a Shariah-compliant credit facility agreement with the Saudi Investment Bank amounting to SR.10,000,000 (2024: SR.8,000,000) for the purpose of financing the purchase and sale of goods and issuing various guarantees. The key guarantees associated with the agreement include the provision of a performance and financial guarantee (Kafala Ghorm wa Adaa) by: the Kafala Program for financing small and medium enterprises, major shareholders, and the issuing company. The utilized facility amounts are repaid in a lump sum after six months with interest based on the Saudi Central Bank (SAMA) rate plus 1% annually.

15- Accounts Payable:

Accounts payable, amounting to SR.1,870,755 as of 31 December 2025, include the balance of two suppliers amounting to SR.1,678,149, which constitutes 90% of total accounts payable. (2024: Accounts payable, amounting to SR.974,899 included the balance of a single supplier amounting to SR.812,751, which constituted 83% of total accounts payable).

16- Other Credit Balances:

The details of this item are as follows:

	2025	2024
	SR.	SR.
VAT liabilities	11,322,143	7,934,122
Withholding tax provision	47,323	12,813
Board of directors' remuneration	470,000	--
Accrued salaries, wages and bonuses	3,152,335	309,221
Accrued expenses	944,310	2,251,113
Accrued social insurance	670,574	483,160
Customer advance payments	140,409	46,956
Total – Exhibit A	16,747,094	11,037,385

17- Estimated Zakat Provision:

The movement in the estimated Zakat provision in as follows:

	2025	2024
	SR.	SR.
Balance at the beginning of the year	2,919,985	2,119,819
Additions from acquisition	499,358	--
Provision for Zakat charged during the year	4,539,101	2,859,621
Provision paid during the year	(3,332,417)	(2,059,455)
Balance at the end of the year – Exhibit A	4,626,027	2,919,985

Dar Al Balad for Business Solutions Company

- The Company has submitted its zakat returns and financial statements to the Zakat, Tax and Customs Authority up to the end of the year 2024 and has obtained a valid zakat certificate valid until April 30, 2026.
- During the year 2025, the Authority issued a zakat assessment for the year 2023, and the zakat assessment was finalized with no zakat obligations arising for the Company.

GSC Solutions Company

- The Company has submitted its zakat returns and financial statements to the Zakat, Tax and Customs Authority up to the end of the year 2024 and has obtained a valid zakat certificate valid until April 30, 2026.
- During the year 2024, the Authority issued a zakat assessment for the year 2020, resulting in a zakat obligation of SAR 10,488 for the Company. The amount was paid, and the zakat assessment was finalized.

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia
Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2025

18- Employee Benefit Obligations:

- a) The Group has an end-of-service scheme for its employees (the "members"). The scheme entitles the members to a lump sum payment related to length of service and salary at the time of retirement, resignation or death. The scheme is un-funded in that no fund is currently accumulated (whether from contribution by the employer and/or employees) towards the discharge of Company's obligation under the scheme. This scheme are being ruled by the Labor Law in the Kingdom of Saudi Arabia. The obligation recognized in the statement of financial position related to end of service indemnity represents the present value of the defined benefit obligations at the end of the reporting period. Defined benefit obligations are being calculated annually by independent actuary using the projected unit credit method. Past cost service, current cost service, interest are recognized in the income statement. Actuarial gains or losses are recognized in the comprehensive income.
- b) The amounts recognized in the statement of financial position and the statement of comprehensive income are summarized in the below schedule:

	2025	2024
	SR.	SR.
Liability in financial position – Exhibit A	10,714,663	10,015,102
Services cost recognized in of profit or loss	3,306,827	3,253,651
c) Movement in employee benefits obligation:		
	2025	2024
	SR.	SR.
Balance at the beginning of the year	10,015,102	10,558,208
Additions from acquisition	876,711	--
Service cost charged	3,306,827	3,253,651
Interest expense – Note (26)	539,055	463,204
Payments during the year	(1,248,203)	(1,613,083)
Actuarial (gains) – Exhibit B	(2,774,829)	(2,646,878)
Balance at end of the year – Exhibit A	10,714,663	10,015,102
d) Key actuarial assumptions:		
	2025	2024
	SR.	SR.
Discount rate	5.18%	5.25%
Salaries increase rate	3%	1.50%
e) Actuarial assumption sensitivity analysis:		
	2025	2024
	SR.	SR.
Discount rate +1%	10,283,363	9,548,986
Discount rate -1%	11,191,355	10,529,272
Increase rate +1%	11,248,056	10,594,559
Salary increase rate -1%	10,224,802	9,482,038

19- Capital:

During the year, the share capital was increased from SR.50 million to SR.70 million as follows:

	2025	2024
	SR.	SR.
Share capital at beginning of year	50,000,000	1,000,000
Transferred from additional paid-in-capital	10,000,000	--
Transferred from retained earnings	10,000,000	49,000,000
Share capital at end of period – Exhibit A	70,000,000	50,000,000

The Company's share capital amounted to SR.70 million, divided into 70 million cash shares of equal value. The value of each share was SR.1. All shares are ordinary shares issued for cash consideration.

	Number of Share	Share Value	Paid-up Value
		SR.	SR.
Dar Al Balad Commercial Company	67,200,000	1	67,200,000
Najem Al-Olaya Trading Company	1,400,000	1	1,400,000
Najem Commercial Investment Company	1,400,000	1	1,400,000
Share Capital – Exhibit A	70,000,000		70,000,000

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia
Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2025

The Extraordinary General Assembly of the Company approved, on 18/4/2025, the request to list the Company's shares on the financial market "Tadawul" and to offer 30% of the Company's capital.

The Ordinary General Assembly also approved the Employee Share Program and the allocation of 1.5% of the Company's shares as treasury shares for this program.

20- Statutory Reserve:

In accordance with the Company's Articles of Association, 10% of the annual net income is appropriated to form the statutory reserve. The Company may discontinue this appropriation when the reserve reaches 30% of the share capital. Pursuant to the shareholders' resolution dated 12 February 2025, the amount has been transferred to retained earnings.

21- Revenue:

The Group's revenue represents the rendering of information systems services and technical support for communications and information technology software programs.

a) The details of this item are as follows:

	2025	2024
	SR.	SR.
Managed IT services	149,326,133	123,513,722
IT consulting services	104,934,894	87,446,016
Managed business services	40,206,328	32,346,024
Industrial maintenance services	10,679,300	--
Industrial chemical purification services	6,426,771	--
Industrial supply	3,773,795	--
IoT (Internet of things) services	--	19,526
Total – Exhibit B	315,347,221	243,325,288

b) Revenue is recognized either over time or at a point in time:

	2025	2024
	SR.	SR.
Industrial maintenance services (over time)	311,573,426	243,325,288
Sale of material/spare part (point-in-time)	3,773,795	--
Total – Exhibit B	315,347,221	243,325,288

22- Cost of Revenue:

a) The details of this item are as follows:

	2025	2024
	SR.	SR.
Cost of managed information technology services	123,778,748	99,238,340
Cost of information technology consulting services	86,309,104	68,917,280
Cost of managed business services	31,933,229	24,778,660
Cost of industrial maintenance services	7,185,973	--
Cost of industrial supply	2,206,345	--
Cost of industrial chemical purification services	860,330	--
Cost of IoT (Internet of things) services	--	14,930
Other	--	4,692,122
Total – Exhibit B	252,273,729	197,641,332

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia
Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2025

b) Details of Cost:

The details of this item are as follows:

	2025	2024
	SR.	SR.
Inventory at beginning of the year	3,668,132	--
Purchases – Note (22/c)	8,178,192	--
Inventory at end of the year	(2,592,305)	--
Cost of sales	9,254,019	--
Salaries, wages and related cost	202,617,505	162,485,175
Outsourced labor costs	10,945,389	8,726,587
Medical insurance	8,674,545	6,658,038
Social insurance	6,567,918	5,454,451
Government fees	5,018,262	2,259,928
Employee benefits obligation – note (18)	3,230,522	3,253,651
Consultancy and system support services	1,364,238	5,033,333
Travel and tickets	1,278,331	1,134,379
Supervision and maintenance costs	710,740	--
Customers and other duties	287,889	--
Leave accruals	91,481	319,970
Others	2,232,890	2,315,820
Total	252,273,729	197,641,332

c) Purchases:

The details of this item are as follows:

	2025	2024
	SR.	SR.
Local purchases	131,847	5,000
Foreign purchases (imports)	5,795,179	12,610,306
Out-of-scope purchases	2,251,166	1,154,054
Total – Note (22/b)	8,178,192	13,769,360

23- Selling and Distribution Expenses:

The details of this item are as follows:

	2025
	SR.
Salaries, wages and benefits	1,052,563
End of services benefits obligation – Note (18)	76,305
Commissions and bonuses	129,610
Material loading, transport and insurance	66,800
Iqama/Residency fees	45,198
Travel tickets	17,742
Other	301,860
Total – Exhibit B	1,690,078

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia
Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2025

24- General and Administrative Expenses:

The details of this item are as follows:

	2025	2024
	SR.	SR.
Salaries and wages and benefits	4,532,097	3,970,349
Deprecation of property, plant and equipment – Note (11)	1,159,250	120,236
Expected credit loss expenses – Note (7/c)	789,607	306,025
Board of directors' remuneration	557,000	--
Employee Bonuses	500,000	--
Legal and Professional Fees	468,000	237,750
Withholding Tax and Value Added Tax	462,828	205,028
Telephone, Internet and Postage	299,942	106,230
Government Fees and Subscriptions	224,040	112,493
Hotel Accommodation	214,277	201,738
Administrative and Financial Services	194,052	--
Travel and Transportation	134,822	80,960
Depreciation of Right-of-Use Asset – Note (12)	98,208	216,894
Entertainment and Hotel Expenses	91,611	76,276
Bank Charges	28,814	20,018
Advertising and Marketing	--	52,250
Maintenance and Repairs	15,850	22,586
Rentals	11,073	--
Electricity and Repairs	109	4,383
Others	829,122	338,510
Total – Exhibit B	10,610,702	6,071,729

25- Investment Income:

This amount represents fair value gains from investment portfolios recognized through profit or loss:

	2025	2024
	SR.	SR.
Unrealized gain from revaluation of investment portfolios – Note (10)	2,440,916	2,378,740
Dividends received from Bank Al Bilad Capital Fund	446,659	597,704
Realized gains from sale of shares in investment portfolios – Note (10)	354,378	495,563
Total – Exhibit B	3,241,953	3,472,007

26- Finance Expenses:

The details of this item are as follows:

	2025	2024
	SR.	SR.
Interest on employees benefits obligation – Note (18)	539,055	463,204
Bank charges and letters of guarantee	160,545	542,430
Lease interest – Note (12)	26,368	5,680
Total – Exhibit B	725,968	1,011,314

27- Basic and Diluted Earnings Per Share:

Earnings per share is calculated by dividing the net profit by the weighted average number of outstanding shares, amounting to 70,000,000 shares for all periods presented in accordance with IAS 33 as the increase in capital did not result in a corresponding increase in resources during the year. The basic earnings per share is the same as diluted earnings per share, as the Group has no dilutive instruments.

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia
Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2025

28- Financial Risk Management:

Overview

The Group is exposed to the following risks arising from the use of financial instruments:

- Capital Management Risk.
- Cash with banks
- Interest rate risk
- Credit Risk.
- Liquidity Risk.
- Market Risk (including currency risk and commission rate risk).

This note shows information on the Group's exposure to the above risks, the Group's objectives, policies and procedures regarding measuring and managing risks, and managing the Group's capital. Additional quantitative disclosures have been included in these financial statements.

Risk Management:

The Board of Directors bears the full responsibility for developing and supervising Group's risk management frameworks. Group's risk management policies have been developed to identify and analyze the risks encountered by the Group. Appropriate risk limits and controls have been developed in addition to the compliance thereof. Risk management policies and rules are reviewed regularly to reflect changes in market conditions and the Group's activities.

Capital Management Risk:

The Company aims at, in managing capital, maintaining the Group's ability to continue as an operating entity, achieving returns to partners and benefits to other stakeholders and maintaining an optimal capital structure that reduces the cost of capital.

Credit Risk in Bank Balances:

Credit risk arising from bank balances is considered limited, as the Group maintains its relationships only with banks that have high credit ratings assigned by international credit rating agencies. Since the bank balances are held with reputable banks within the Kingdom that have strong credit standing, management does not anticipate any defaults in fulfilling their financial obligations.

The Group's maximum exposure to credit risk is represented by the carrying amount of these financial instruments, as disclosed in the relevant notes.

Credit Risk:

Credit risk is the risk that one party to a financial instrument will fail to meet its financial obligations, causing a loss to the Group. The Group is exposed to credit risk through the book value of its assets, which includes balances with banks and other receivables and due from related parties.

Liquidity Risk:

Liquidity risk is the risk that the Group may encounter difficulties in meeting obligations associated with its financial liabilities as they fall due. Liquidity requirements are monitored on a regular basis, and management ensures that sufficient funds are available to meet obligations as they become due.

The Group's policy is to ensure that it always maintains sufficient cash and available credit facilities to meet its expected liquidity requirements. To achieve this objective, the company seeks to maintain adequate cash balances or committed credit lines to meet expected operational needs.

The Group's current financial liabilities primarily comprise the current portion of bank facilities, trade payables, accrued expenses, and other liabilities. These obligations are expected to be settled within 12 months from the reporting date, and the Group anticipates having sufficient funds to meet these obligations.

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia
Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2025

The following table summarizes the maturity profile of the Group's financial obligations based on contractual payments:

Year / description	Carrying amount	Less than one year	From 1 year to 5 years	More than 5 years
31 December 2025	SR.	SR.	SR.	SR.
Accounts payable and other credit balances	18,617,849	18,617,849	--	--
Lease liabilities	581,234	99,271	481,963	--
Total	19,199,083	18,717,120	481,963	--

Year / description	Carrying amount	Less than one year	From 1 year to 5 years	More than 5 years
31 December 2024	SR.	SR.	SR.	SR.
Accounts payable and other credit balance	12,012,284	12,012,284	--	--
Lease liabilities	240,346	137,346	103,000	--
Total	12,252,630	12,149,630	103,000	--

Market Risk:

Market risk represents the risk arising from changes in market prices, such as foreign exchange rates and commission rates, which may affect the Group's income. The objective of market risk management is to manage and monitor market risk exposures within acceptable limits while optimizing returns.

Foreign Currency Risk:

The Group is exposed to foreign exchange risk arising from exposure to various currencies, particularly due to fluctuations in exchange rates against the Saudi Riyal. Foreign currency risk primarily arises from commercial transactions. The Group's policy requires management to regularly review foreign currency exposure. For monetary assets and liabilities denominated in foreign currencies, the Group ensures that the net exposure to the related risks remains within acceptable levels.

Commission Rate Risk:

Commission rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market commission rates. The Group's exposure to changes in market commission rates relates mainly to floating-rate borrowings. However, the Group does not have any long-term borrowings, and therefore it is not exposed to long-term commission rate risk.

29- Financial assets and Financial Liabilities:

	2025 SR.	2024 SR.
Financial assets at Fair Value		
Investment portfolios at fair value through profit or loss (FVTPL)	14,402,601	12,941,172
Investment in equity instruments at fair value through profit or loss (FVTPL)	12,107,236	12,000,000
Total	26,509,837	24,941,172
Financial Assets at Amortized Cost (net of Impairment)		
Cash and cash equivalents	28,479,727	24,018,509
Accounts receivable	68,643,726	46,672,183
Other debit balances	357,992	489,389
Due from related parties	6,057,084	647,514
Total	103,438,529	71,827,595
Financial Liabilities at Amortized Cost		
Accounts payable	1,870,755	974,899
Other credit balances	3,622,335	309,221
Total	5,493,090	1,284,120

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia
Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2025

Fair Value Measurement – 2025:

	Level 1	Level 2	Level 3
	SR.	SR.	SR.
Investment portfolios at (FVTPL)	14,402,601	--	--
Equity instruments at (FVTPL)	--	--	12,107,236
Total	14,402,601	--	12,107,236

Fair Value Measurement – 2024:

	Level 1	Level 2	Level 3
	SR.	SR.	SR.
Investment portfolios at (FVTPL)	12,941,172	--	--
Equity instruments at (FVTPL)	--	--	12,000,000
Total	12,941,172	--	12,000,000

30- Dividends Distribution:

On 20 November 2025, the Ordinary General Assembly resolved to distribute dividends for the year ended 31 December 2024, to shareholders amounting to SR.9,000,000, based on the recommendation of the Board of Directors made on 10 November 2025 (2024: SR.5,000,000).

31- Contingent Liabilities:

The Group has contingent liabilities relating to letters of guarantee issued for the Group amounting to SR. 5,098,927 as of 31 December 2025, and the bank has withheld cash collateral against the letters of guarantee amounting to SR.363,463 (2024: SR.5,142,196, with no cash collateral withheld against letters of guarantee).

32- Subsequent Events:

On 29 January 2026, the General Assembly resolved to cancel the dividend distribution decision for the year 2024 amounting to SR.9,000,000, based on the recommendation of the Group's financial advisor, with the condition that the distributed dividends be recovered from shareholders within 15 days from the date of the resolution. On the same day, shareholders returned the distributed dividends of SR.9,000,000 to the Group's account.

33- Approval of Financial Statements for Issuance:

These consolidated financial statements were approved for issuance by the Group's Board of Directors on 11 Shawwal 1447H. Corresponding to 30 March 2026G.

34- General:

The figures in the consolidated financial statements are rounded to the nearest Saudi Riyal.

**Dar Al Balad for Business Solutions Company
(Formerly: Dar Al Balad Maintenance
& Operations Company)
(A Single-Person Company)
Kingdom of Saudi Arabia**

**Special Purpose Consolidated
Financial Statements and Independent
Auditor's Report for the Years Ended
31 December 2024, 2023 and 2022**

Dar Al Balad for Business Solutions Company
(Formerly: Dar Al Balad Maintenance & Operations Company)
(A Single-Person Company)
Kingdom of Saudi Arabia

Index	Page	Exhibit
Independent Auditor's Report for the Years Ended 31 December 2024, 2023 and 2022	1-2	--
Special Purpose Consolidated Statement of Financial Position As of 31 December 2024, 2023 and 2022	3	A
Special Purpose Consolidated Statement of Comprehensive Income For the Years Ended 31 December 2024, 2023 and 2022	4	B
Special Purpose Consolidated Statement of Changes in Equity For the Years Ended 31 December 2024, 2023 and 2022	5	C
Special Purpose Consolidated Statement of Cash Flows For the Years Ended 31 December 2024, 2023 and 2022	6	D
Notes to the Special Purpose Consolidated Financial Statements For the Years Ended 31 December 2024, 2023 and 2022	7-34	--

شركة طلال أبوغزاله وشركاه محاسبون قانونيون
Talal Abu-Ghazaleh & Co. Certified Public Accountants
 Professional Register No. 1010424464 سجل شركة مهنية رقم ١٠١٠٤٢٤٤٦٤



Independent Auditor's Report

To the Shareholder
 Dar Al Balad for Business Solutions Company
 (Formerly: Dar Al Balad Maintenance & Operations Company)
 (A Single-Person Company)
 Kingdom of Saudi Arabia

Report on the Audit of the Special Purpose Consolidated Financial Statements

Opinion:

We have audited the special purpose consolidated financial statements of **Dar Al Balad for Business Solutions Company (Formerly: Formerly: Dar Al Balad Maintenance & Operations Company) – A Single-Person Company and its subsidiaries (the "Group")** which comprise the special purpose consolidated statement of financial position as of 31 December 2024, 2023 and 2022, and the special purpose consolidated statement of comprehensive income, special purpose consolidated statement of changes in equity and special purpose consolidated statement of cash flows for the years then ended, and the accompanying notes to the special purpose consolidated financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying special purpose consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of 31 December 2024, 2023 and 2022 and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with accounting policies described in Note (2) to the special purpose consolidated financial statements.

Basis for Opinion:

We conducted our audit in accordance with International Standards on Auditing (ISAs) 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 special purpose consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the special purpose consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with that code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Accounting and Restriction on Distribution

We draw attention to Note (2) to the accompanying special purpose consolidated financial statements, which describes the basis of accounting. The special purpose consolidated financial statements have been prepared to support the Company in meeting the requirements of the Capital Market Authority in connection with the Company's proposed initial public offering, and in accordance with the related Capital Market Authority Rules on the Offer of Securities and Continuing Obligations. The special purpose consolidated financial statements and the accompanying notes have been extracted from the audited financial statements of both Dar Al Balad for Business Solutions Company and Global Specialty Chemicals Company for the financial years ended 31 December 2024, 2023, and 2022. As a result, the special purpose consolidated financial statements may not be suitable for other purposes. Our opinion is not modified in respect of this matter.

Other Matter:

The financial statements of **Dar Al Balad Business Solutions Company and Global Specialty Chemicals Company** for the year ended 31 December 2022 were audited by another auditor who expressed an unmodified opinion on those financial statements on 28 April 2023 and 27 May 2023 respectively.

Responsibilities of Management and Those Charged with Governance for the Special Purpose Consolidated Financial Statements:

Management is responsible for the preparation and fair presentation of the special purpose consolidated financial statements in accordance with the accounting policies described in Note (2) to the special purpose consolidated financial statements and in accordance with the provisions of the Companies' Regulation and the Company's bylaws. Management is also responsible for such internal control as it determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (the board of Managers) are responsible for overseeing the Group's financial reporting process.

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شارع العليا العام - بجوار وزارة الداخلية
 هاتف : ٩٦٦ ١١ ٤٦٤ ٢٩٣٦
 فاكس : ٩٦٦ ١١ ٤٦٥ ٩٩١٥
 ص.ب.٩٧٦٧ الرياض ١١٤٢٣ - المملكة العربية السعودية

Independent Auditor's Report on the Special Purpose Consolidated Financial Statements to the Shareholder of Dar Al Balad for Business Solutions Company-(Formerly: Formerly: Dar Al Balad Maintenance & Operations Company) - (A Single-Person Company) for the years ended 31 December 2024, 2023 and 2022 (continued):

Auditor's Responsibilities for the Special Purpose Consolidated Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the special purpose consolidated 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these special purpose consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the special purpose consolidated 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 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 Group'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 special purpose consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the special purpose consolidated financial statements, including the disclosures, and whether the special purpose consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the special purpose consolidated financial statements. We are responsible for the direction, supervision, and performance of the Group audit. We remain solely responsible for our audit opinion.

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

For Talal Abu-Ghazaleh & Co.


Walid A. Bamarouf
Certified Public Accountant
License No. 408



19 Ramadan 1446H.
19 March 2025G.



Dar Al Balad for Business Solutions Company
(Formerly: Dar Al Balad Maintenance & Operations Company)
(A Single-Person Company)
Kingdom of Saudi Arabia
Special Purpose Consolidated Statement of Financial Position
As of 31 December 2024, 2023 and 2022

Exhibit A

	Note	2024	2023	2022
		SR.	SR.	SR.
Assets				
Current Assets				
Cash and cash equivalents	(6)	34,918,012	21,430,076	12,173,834
Accounts receivable, net	(7)	49,448,449	39,595,690	31,203,762
Prepaid expenses and other debit balances	(8)	9,528,802	7,221,770	4,441,421
Inventory	(9)	3,668,131	1,621,841	4,243,246
Work-in-progress	(10)	--	--	625,477
Due from related parties	(18/a)	20,647,514	10,346,764	27,012,830
Loan to a related party – owner	(18/b)	--	12,000,000	--
Unbilled revenue	(11)	27,486,969	17,009,036	5,692,200
Investment portfolios at fair value through profit or loss	(12)	13,283,798	16,193,432	939,826
Total Current Assets		158,981,675	125,418,609	86,332,596
Non-Current Assets				
Property, plant and equipment, net	(13/a)	6,094,296	7,219,357	5,795,690
Right-of-use assets	(14/a)	716,085	674,148	979,262
Investments in equity instruments at fair value through profit or loss	(15)	12,000,000	--	--
Total Non-Current Assets		18,810,381	7,893,505	6,774,952
Total Assets		177,792,056	133,312,114	93,107,548
Liabilities and Equity				
Current Liabilities				
Accounts payable		2,614,983	8,685,671	1,395,777
Short-term loans	(16)	--	9,427,047	2,309,758
Accrued expenses and other credit balances	(17)	12,900,881	8,510,628	6,816,400
Due to related parties	(18/c)	769,545	1,151,987	978,339
Lease liabilities – current portion	(14/b)	157,630	184,050	291,273
Zakat provision	(19)	3,419,343	2,768,794	1,647,796
Total Current Liabilities		19,862,382	30,728,177	13,439,343
Non-Current Liabilities				
Long term employees' benefits obligations	(20)	10,891,813	11,288,223	8,117,416
Lease liabilities – non-current portion	(14/b)	525,066	443,176	627,226
Total Non-Current Liabilities		11,416,879	11,731,399	8,744,642
Total Liabilities		31,279,261	42,459,576	22,183,985
Equity				
Capital	(21)	50,000,000	1,000,000	1,000,000
Additional capital contributions	(22)	26,453,071	16,453,071	30,670,237
Reserve	(23)	4,260,797	300,000	300,000
Retained earnings		65,798,927	73,099,467	38,953,326
Total Equity – Exhibit C		146,512,795	90,852,538	70,923,563
Total Liabilities and Equity		177,792,056	133,312,114	93,107,548

The Accompanying Notes from (1) to (36) Constitute an Integral Part of
These Special Purpose Consolidated Financial Statements



Dar Al Balad for Business Solutions Company
(Formerly: Dar Al Balad Maintenance & Operations Company)
(A Single-Person Company)
Kingdom of Saudi Arabia
Special Purpose Consolidated Statement of Comprehensive Income
For the Years Ended 31 December 2024, 2023 and 2022

Exhibit B

	Note	2024	2023	2022
		SR.	SR.	SR.
Revenue, net	(24)	273,764,526	241,188,207	181,719,211
Cost of revenue	(25)	(214,282,303)	(180,728,775)	(143,752,997)
Gross Profit		59,482,223	60,459,432	37,966,214
Selling and distribution expenses	(26)	(2,627,976)	(1,897,861)	(1,891,661)
General and administrative expenses	(27)	(8,698,536)	(8,924,870)	(9,422,126)
Operating profit		48,155,711	49,636,701	26,652,427
Other income		479,898	299,087	2,105,798
Investment income	(28)	3,818,991	204,483	(87,791)
Financial charges	(29)	(1,065,120)	(885,777)	(700,727)
Income before estimated Zakat		51,389,480	49,254,494	27,969,707
Zakat provision from previous years		(10,488)	--	--
Estimated Zakat	(19)	3,332,417	(2,693,477)	(1,708,911)
Profit for the year – Exhibit C		48,046,575	46,561,017	26,260,796
<u>Other comprehensive income:</u>				
<u>Items that will not be reclassified subsequently to profit and loss:</u>				
Gain/(loss) from re-measurement of employees benefits obligation	(20)	2,613,682	(1,082,000)	(82,729)
Total other comprehensive income/(loss) for the year		2,613,682	(1,082,000)	(82,729)
Total comprehensive income for the year – Exhibit C		50,660,257	45,479,017	26,178,067

**The Accompanying Notes from (1) to (36) Constitute an Integral Part of
These Special Purpose Consolidated Financial Statements**

Dar Al Balad for Business Solutions Company
(Formerly: Dar Al Balad Maintenance & Operations Company)
(A Single-Person Company)
Kingdom of Saudi Arabia
Special Purpose Consolidated Statement of Changes in Equity
For the Years Ended 31 December 2024, 2023 and 2022

Exhibit C

	Capital	Additional Capital contribution	Reserve	Retained earnings	Total
	SR.	SR.	SR.	SR.	SR.
Equity as of 01 January 2022	1,000,000	14,217,166	300,000	20,775,259	36,292,475
Acquisition at book value – Note 1	--	16,453,071	--	--	16,453,071
Net profit for the year 2022	--	--	--	26,260,796	26,260,796
Other comprehensive (loss)	--	--	--	(82,729)	(82,729)
Total comprehensive income	--	--	--	26,178,067	26,178,067
Dividends distribution	--	--	--	(8,000,000)	(8,000,000)
Equity as of 31 December 2022 – Exhibit A	1,000,000	30,670,237	300,000	38,953,326	70,923,563
Net profit for the year 2023	--	--	--	46,561,017	46,561,017
Other comprehensive (loss)	--	--	--	(1,082,000)	(1,082,000)
Total comprehensive income	--	--	--	45,479,017	45,479,017
Transfer of additional capital contribution to a related party (owner) account	--	(14,217,166)	--	--	(14,217,166)
Dividends distribution	--	--	--	(11,332,876)	(11,332,876)
Equity as of 31 December 2023 – Exhibit A	1,000,000	16,453,071	300,000	73,099,467	90,852,538
Net profit for the year 2024	--	--	--	48,046,575	48,046,575
Other comprehensive income	--	--	--	2,613,682	2,613,682
Total comprehensive income	--	--	--	50,660,257	50,660,257
Capital increase – Note (21)	49,000,000	--	--	(49,000,000)	--
Additional capital contributions	--	10,000,000	--	--	10,000,000
Transferred to statutory reserve	--	--	3,960,797	(3,960,797)	--
Dividends distribution	--	--	--	(5,000,000)	(5,000,000)
Equity as of 31 December 2024 – Exhibit A	50,000,000	26,453,071	4,260,797	65,798,927	146,512,795

The Accompanying Notes from (1) to (36) Constitute an Integral Part of
These Special Purpose Consolidated Financial Statements

Dar Al Balad for Business Solutions Company
(Formerly: Dar Al Balad Maintenance & Operations Company)
(A Single-Person Company)
Kingdom of Saudi Arabia
Special Purpose Consolidated Statement of Cash Flows
For the Years Ended 31 December 2024, 2023 and 2022

Exhibit D

	2024	2023	2022
	SR.	SR.	SR.
Cash Flow from Operating Activities			
Profit before estimated Zakat	51,389,480	49,254,494	27,969,707
Adjustments for non-cash income and expenses:			
Unrealized gains from fair value measurement of investments through profit or loss	(2,526,199)	718,921	56,315
Provision for employee benefit obligation	3,332,475	2,004,085	1,760,923
Provisions for credit losses	361,134	861,356	1,915,218
Finance cost	522,442	213,023	203,741
Depreciation of right-of-use assets	245,163	305,114	228,394
Depreciation of property, plant and equipment	1,277,129	1,243,203	723,421
	54,601,624	54,600,196	32,857,719
Changes in Operating Assets and Liabilities			
Inventory	(2,046,290)	2,621,405	(194,566)
Work-in-progress	--	625,477	(42,866)
Prepaid expenses and other receivables	(2,307,031)	(2,780,350)	(1,858,722)
Accounts receivables	(10,213,893)	(9,253,284)	(7,568,279)
Unbilled revenue	(10,477,933)	(11,316,836)	1,146,880
Accounts payables	(6,070,688)	7,289,894	1,020,485
Accrued expenses and other payables	4,379,765	1,694,228	3,059,307
Due from related parties	(10,300,750)	(10,176,047)	(4,959,594)
Due to related parties	(382,442)	798,595	311,854
Cash Flow from Operations	17,182,362	34,103,278	23,772,218
Estimated Zakat provision – paid	(2,681,868)	(1,572,479)	(1,261,291)
Provision for benefit employee obligation – paid	(1,613,083)	(98,183)	(1,487,500)
Net cash from operating activities	12,887,411	32,432,616	21,023,427
Cash Flow from Investing Activities			
Net changes to investments at fair value through income or loss	5,435,832	(15,972,526)	(996,142)
Addition to property, plant and equipment	(152,068)	(2,666,870)	(252,504)
Net cash from / (used in) investing activities	5,283,764	(18,639,396)	(1,248,646)
Cash Flow from Financing Activities			
Dividends distribution – paid	(5,000,000)	(11,332,876)	(8,000,000)
Additional capital contributions	10,000,000	--	--
Due to related parties	--	--	(4,700,000)
Short-term loans	(9,427,047)	7,117,289	(6,731,164)
Lease liability payments	(256,192)	(321,391)	(289,892)
Net cash (used in) financing activities	(4,683,239)	(4,536,978)	(19,721,056)
Net increase in cash and cash equivalents	13,487,936	9,256,242	53,725
Cash and cash equivalents, beginning of the year	21,430,076	12,173,834	12,120,109
Cash and Cash Equivalents, End of The Year – Exhibit A	34,918,012	21,430,076	12,173,834
Supplementary Information on Non-Cash Activities:			
Transfer of additional capital contributions to a related party (owner) account	--	14,217,166	--
Capital increase from retained earnings	49,000,000	--	--
Investment at fair value through profit or loss	12,000,000	--	--

**The Accompanying Notes from (1) to (36) Constitute an Integral Part of
These Special Purpose Consolidated Financial Statements**

Dar Al Balad for Business Solutions Company
(Formerly: Dar Al Balad Maintenance & Operations Company)
(A Single-Person Company)
Kingdom of Saudi Arabia
Notes to the Special Purpose Consolidated Financial Statements
For the Years Ended 31 December 2024, 2023 and 2022

1- Formation and Nature of Business:

Dar Al Balad for Business Solutions Company (formerly: Dar Al Balad Maintenance & Operations Company) – A Single-Person Company (hereinafter referred to as the “Company”) was established in Riyadh under Commercial Registration No. 1010168374, issued on 09/11/1442H valid until 09/11/1540H and to practice the company’s activity in operation and maintenance of buildings, installation and extension of computer and wired/wireless communication networks, maintenance and operation of electrical and electronic facilities and computers, installation and maintenance of machines and equipment and computer telephony operations.

The Company has also obtained the following branches:

Branch name	Commercial registration No.	Registration Date	Issued in
Dar Al Balad for Communications & IT	4030263432	14/3/1435H	Jeddah
Durar Al Balad Contracting Company	1010355941	12/1/1434H	Riyadh
Dayerat Al Balad Trading Company	1010218342	18/3/1427H	Riyadh

Acquisition of a Subsidiary:

On January 13, 2025, the Company acquired 100% of the shares of Global Specialty Chemicals Company from Dar Al Balad Commercial Company (the parent company) at book value, including all assets and liabilities, thereby obtaining full ownership of its capital amounting to SR.500,000. The Company recorded the net book value of the acquired entity as additional paid-in capital.

For the purpose of preparing these special purpose consolidated financial statements, the acquisition has been accounted for as if it occurred on January 1, 2022, to comply with the Capital Market Authority’s Securities Offering and Continuing Obligations Regulations, for use in the Company’s application for listing in the financial market.

The following summarizes the book value of Global Specialty Chemicals Company as of the beginning of 2022:

	2024
	SR.
Total Current Assets	13,653,191
Total Non-Current Assets	11,414,283
Total Current Liabilities	(7,636,676)
Total Non-Current Liabilities	(977,727)
Acquisition consideration at book value recorded as additional paid-in capital	16,453,071

Global Specialty Chemicals Company (a limited liability company) was established in Riyadh under Commercial Registration No. 1010312223 issued on 8/8/1432H corresponding to July 9, 2011, to practice business activities including electrical equipment repair, maintenance and repair of power transmission/distribution transformers and specialized types, maintenance and repair of electric motors, generators and steam generation devices, maintenance of electrical distribution and control systems, installation of industrial equipment in industrial facilities, and installation of industrial process control equipment. The Global Specialty Chemicals Company owns 100% of the capital of its subsidiary Addar Chem Group Company (a limited liability company) amounting to SR.500,000 which was subsequently converted into a branch of Global Specialty Chemicals Company under registration number 1010276580 (Note 34).

On May 30, 2024, the Company’s name was changed from Dar Al Balad for Maintenance and Operation - (a single-person company) limited liability company to Dar Al Balad Business Solutions - (a single-person company) limited liability company.

The Head Office is located at the following address:

Riyadh – Al Olaya District
P.O. Box 285121
Postal Code 12212
Kingdom of Saudi Arabia

Dar Al Balad for Business Solutions Company
(Formerly: Dar Al Balad Maintenance & Operations Company)
(A Single-Person Company)
Kingdom of Saudi Arabia
Notes to the Special Purpose Consolidated Financial Statements
For the Years Ended 31 December 2024, 2023 and 2022

2- Basis of Preparation of the Special Purpose Consolidated Financial Information:

The management of the Group has prepared these special purpose consolidated financial statements for the years ended December 31, 2024, 2023, and 2022 in accordance with the International Financial Reporting Standards (IFRS) adopted in the Kingdom of Saudi Arabia, as well as other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA) and the requirements of the Capital Market Authority's (CMA) Rules for the Offer of Securities and Continuing Obligations. These statements are intended for submission in the Company's filing for the capital market.

As a result of the acquisition of the subsidiary as disclosed in Note (1) on January 13, 2025, it has been assumed that the acquisition took place as of the beginning of 2022. Accordingly, the financial statements of Dar Al Balad Business Solutions (the Company) and Global Specialty Chemicals Company (the subsidiary) have been consolidated for the aforementioned years as if the acquisition had occurred on that date. The financial information used to prepare these special purpose consolidated financial statements for the years ended December 31, 2024, 2023, and 2022 was extracted from the audited financial statements of both companies for those years. As a result, these special purpose consolidated financial statements may not be suitable for other purposes.

Presentation and Measurement Bases:

These financial statements have been prepared on the historical cost basis using the accrual accounting method, except for employee benefit obligations which were measured at the present value of future obligations, and investments measured at fair value through profit or loss.

Functional Currency, Presentation Currency and Foreign Currency Conversion:

The financial statements are presented in Saudi Riyals (SR.), which is the Group's functional currency.

Transactions in foreign currencies are originally recorded at spot rates of functional currencies at the relevant transaction date. Monetary assets and liabilities denominated in foreign currencies are converted at the spot exchange rates of functional currencies at the preparation date of financial statements.

Differences arising from the payment or transfer of monetary items are recognized in profit or loss.

Fair Value Measurement:

Fair value is the price received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of an asset or liability is measured assuming that market participants will benefit when pricing the assets and liabilities and will act in their best economic interests.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses evaluation methods appropriate to circumstances, for which sufficient data are available to measure fair value, along with increasing use of observable inputs and reducing use of non-observable inputs.

All assets and liabilities measured at fair value or disclosed in financial statements are classified under the below fair value hierarchy levels and based on the lowest level inputs that are significant to measuring fair value as a whole:

- Level 1: Quoted prices in an active market for similar assets or liabilities.
- Level 2: Evaluation methods from which the lowest level inputs that are significant to measuring fair value, are observable whether directly or indirectly.
- Level 3: Evaluation methods for which the lowest level inputs that are significant to measuring fair value, non-observable.

Dar Al Balad for Business Solutions Company
(Formerly: Dar Al Balad Maintenance & Operations Company)
(A Single-Person Company)
Kingdom of Saudi Arabia
Notes to the Special Purpose Consolidated Financial Statements
For the Years Ended 31 December 2024, 2023 and 2022

For the purpose of fair value disclosures, the Company identified categories of assets and liabilities based on the nature, characteristics and risks of those assets or liabilities and the above fair value hierarchy levels.

3- Use of Accounting Estimates, Judgments and Assumptions:

Preparation of these financial statements in accordance with IFRSs requires using estimates, judgments and assumptions that may affect amounts of assets, liabilities and disclosures of contingent assets and liabilities at the financial position date, as well as amounts of income and expenses recorded during the related period. Although these estimates are based on best information available to the Management on events and activities, the final results may differ from these estimates.

Estimates and assumptions are reviewed on an ongoing basis and the effect of changes in accounting estimates is disclosed in the period in which they occur and the affected future periods. The following are the key assumptions and main sources of estimation uncertainty at financial position date, which have a significant impact that may lead to material future adjustments.

Employee Benefits Obligations:

End of service benefits are classified as a defined benefit plan. This program is considered unfunded. The liability recognized in the statement of financial position relating to the defined benefit end-of-service benefit program is the present value of the defined benefit obligation at the end of the reporting period. The defined liability is calculated annually by an independent actuary using the projected unit credit method. Any actuarial gains and losses arising from actuarial assumptions are charged to the statement of other comprehensive income in the period in which they arise. Past service costs, current service costs and net interest are recognized immediately in the income statement.

Estimated Useful Lives of Property, Plant and Equipment:

The cost of intangible assets, property, plant and equipment is depreciated on a systematic basis over the estimated useful lives of these assets. Management reviews the useful lives and depreciation method annually to ensure they reflect the expected benefits to be obtained. The useful lives have been determined based on the following factors:

- Expected use of the asset
- Expected physical deterioration depending on operational and environmental factors
- Legal restrictions and similar limitations on asset use

Management has not determined a residual value for these assets due to immateriality.

Impairment of Accounts Receivable:

The Group assesses whether there are any indications of a measurable impairment in the estimated future cash flows. Accordingly, an impairment provision is recorded based on the "expected credit loss" model. This requires making reasonable judgments regarding several factors including the age and quality of receivables, guarantees provided, and customers' credit ratings. Additionally, the impact of changes in economic indicators and data on the expected credit loss model is taken into consideration.

Estimated Zakat:

Zakat fees on ordinary activities are the sum of total Zakat. The calculation of Zakat on the Group necessarily includes a degree of estimation in respect of certain items that cannot be determined definitively until a decision is reached with the Zakat, Tax and Customs Authority (ZATCA) or according to the relevant legal decisions. The final settlement of some of these items may result in profits, losses or cash flows.

Provisions:

Provisions are recognized when the Group has a liability (legal or constructive) arising from a past event and there is a possibility that costs to settle the obligation will arise which can be reliably measured. When the Company expects to receive compensation for some or all of the provision- for example, under an insurance contract - compensation is recognized as an independent asset but only in the event that the compensation is virtually certain. Expenses relating to the provision are presented in the statement of profit or loss, net of any compensation.

Dar Al Balad for Business Solutions Company
(Formerly: Dar Al Balad Maintenance & Operations Company)
(A Single-Person Company)
Kingdom of Saudi Arabia
Notes to the Special Purpose Consolidated Financial Statements
For the Years Ended 31 December 2024, 2023 and 2022

Fair Value Measurement:

Fair value represents 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 under current market conditions, whether that price is directly observable or determined by using another valuation technique.

Fair value measurement is based on the assumption that the transaction to sell the asset or transfer the liability occurs either:

- In the principal market for the asset or liability; or
- In the most advantageous market for the asset or liability in the absence of a principal market.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their best economic interest.

Unbilled Revenue:

The use of the percentage-of-completion method for recognizing contract revenue requires additional estimates of revenues, costs, profits, and amounts to be recognized in each accounting period. These estimates may be revised throughout the contract term and are reviewed regularly based on customer change orders.

4- Material Accounting Policy Information:

The material accounting policies applied by the Group in the preparation of these financial statements are consistently applied as follows:

Current and Non-Current Classification of Assets and Liabilities:

The company presents its assets and liabilities in the statement of financial position as "current / non-current". Assets shall be deemed current:

- When it is expected to be realized in, or is intended for sale or consumption in, the normal operating cycle;
- When it is expected to be realized within twelve months after the reporting period, or
- When it is cash and cash equivalents, unless it is restricted from being exchanged or used to settle any liabilities for at least twelve months after the reporting period.

All other assets shall be classified as non-current.

Liabilities shall be deemed current when they mature within twelve months after the reporting period.

The Company classifies all other liabilities as non-current liabilities.

Deferred tax assets and liabilities are classified as non-current assets and non-current liabilities.

Property, Plant and Equipment:

Items of property, plant and equipment are stated in the statement of financial position at cost less accumulated depreciation and impairment in value, if any.

Depreciation is calculated on these assets, except land, on a straight line basis so as to allocate the cost of the assets less their residual values over their estimated useful lives using the following annual depreciation rates:

Asset	Depreciation Rate
Building	25%
Machinery and equipment	25%
Vehicles	25%
Tools and instruments	25%
Office equipment	25%
Furniture and fixtures	10%

Sold or disposed assets are derecognized along with their accumulated depreciation on the date of their sale or disposal. Gains or losses on sale or disposal are recognized in profit or loss.

The Company adds to the carrying amount of an item of property, plant and equipment the cost of replacing parts of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Dar Al Balad for Business Solutions Company
(Formerly: Dar Al Balad Maintenance & Operations Company)
(A Single-Person Company)
Kingdom of Saudi Arabia
Notes to the Special Purpose Consolidated Financial Statements
For the Years Ended 31 December 2024, 2023 and 2022

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Right-of-Use Assets and Lease Liabilities:

The Company has recognized assets and liabilities for its operating leases of various contract types. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period to achieve a constant periodic interest rate on the remaining lease liability balance. The right-of-use asset is depreciated over the shorter of the asset's useful life or the lease term on a straight-line basis.

The initial measurement of lease-related assets and liabilities is based on present value.

The right-of-use asset is measured at cost, which includes:

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

The lease liability includes the present value of the following lease payments:

- Fixed payments (including substantially fixed payments) less any lease incentives payable
- Variable lease payments based on an index or rate
- Amounts expected to be paid under residual value guarantees
- The exercise price of purchase options if reasonably certain to be exercised, and termination penalties if the lease term reflects option exercise

Lease payments are discounted using the incremental borrowing rate, representing the rate the lessee would pay to borrow funds for a similar asset under similar terms. Payments for short-term leases (12 months or less) and low-value asset leases are recognized as straight-line expenses in the income statement.

Lease terms are renegotiated individually with varied conditions. Lease agreements impose no covenants, and leased assets are not used as loan collateral.

Related Parties:

Related parties are identified by the Company in accordance with the definition in International Accounting Standard 24 "Related Party Disclosures". A related party transaction is a transfer of resources, services or obligation between the Company and a related party regardless of whether a price is charged. Terms and conditions of these transactions are approved by the Company's management.

Revenue Recognition:

Under IFRS 15 "Revenue from Contracts with Customers", revenue is measured based on the amount specified in the customer contract, excluding amounts collected on behalf of third parties. The Company recognizes revenue when control of goods is transferred or services are performed for customers. The principles of IFRS 15 are applied using the following five steps:

Step 1: Identify the contract - Applicable when:

- The contract is approved and committed to by all parties
- Each party's rights are identified
- Payment terms are defined
- The contract has commercial substance
- The contract is collectible

Dar Al Balad for Business Solutions Company
(Formerly: Dar Al Balad Maintenance & Operations Company)
(A Single-Person Company)
Kingdom of Saudi Arabia
Notes to the Special Purpose Consolidated Financial Statements
For the Years Ended 31 December 2024, 2023 and 2022

Step 2: Identify performance obligations - By determining all goods/services agreed in the contract and whether each represents a separate performance obligation. A good/service is distinct and separate from other obligations if:

- The customer can benefit from it separately or with other readily available resources
- It is separately identifiable from other goods/services in the contract

Step 3: Determine transaction price - The amount the Company expects in exchange for providing agreed goods/services to customers.

Step 4: Allocate transaction price - To each performance obligation based on stand-alone selling prices of services provided to the customer.

Step 5: Recognize revenue - When the customer obtains control of goods or services. Revenue is recognized when performance obligations under customer contracts are satisfied. This occurs when obligations are fulfilled and control is transferred to the customer, typically upon delivery of goods or performance of services. Control may transfer at a point in time or over time. For obligations satisfied over time, the Company measures progress using input or output methods that best reflect work completed.

Expenses:

The expenses incurred by the Company consist of cost of sales, general and administrative expenses, and selling and distribution expenses. Expenses arising from the Company's efforts related to revenue generation are classified under a separate line item called "Cost of Revenue." Expenses related to administration and not associated with sales are classified as general and administrative expenses. Expenses resulting from selling and distribution functions are classified as selling and distribution expenses. Shared expenses, where applicable, are allocated between general and administrative expenses and cost of sales on a consistent basis. The accrual basis of accounting is applied in recognizing general and administrative expenses within the financial period.

Zakat Provision:

Zakat shall be separately calculated and recognized in the statement of income for each financial period in accordance with regulations of the Zakat, Tax and Customs Authority (ZATCA). Zakat shall be settled upon receipt of the final Zakat assessment. Differences between zakat provision and final assessment made by the Zakat, Tax and Customs Authority are charged to the income statement at the time of receipt of the final Zakat assessment.

Value-Added Tax (VAT):

Value Added Tax deposits represent 15% of the total sales value (output tax), and 15% of the total value of purchases and paid expenses (input tax) is deducted. The difference between these amounts is then transferred (paid) to the Zakat, Tax and Customs Authority.

Borrowing Costs:

The Company recognizes all borrowing costs as an expense in the statement of comprehensive income in the period in which they are incurred.

Provisions and Contingent Items:

Provisions are recognized when the Company has a present (legal or constructive) obligation arising from past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. If the Company expects that a provision will be reimbursed in whole or in part, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The related expenses of any provision are presented net of the recognized reimbursement in the income statement. Where the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Dar Al Balad for Business Solutions Company
(Formerly: Dar Al Balad Maintenance & Operations Company)
(A Single-Person Company)
Kingdom of Saudi Arabia
Notes to the Special Purpose Consolidated Financial Statements
For the Years Ended 31 December 2024, 2023 and 2022

Provisions are not recognized for future operating losses. Also, contingent assets and liabilities are not recognized.

Cash and Cash Equivalents:

Cash and cash equivalents represent cash on hand, bank balances, demand deposits, and highly liquid investments with original maturities of three months or less.

Trade Receivables and Other Receivables:

Most sales are made under standard credit terms and are non-interest bearing. If credit is extended beyond normal terms, trade receivables are measured at amortized cost using the effective interest rate method. At each reporting date, the carrying amount of trade and other receivables is reviewed to determine whether there is objective evidence that the amounts are not recoverable. If such evidence exists, an impairment loss is recognized immediately in profit or loss.

Trade Payables and Other Payables:

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business under normal credit terms and are non-interest bearing. Liabilities that bear interest are subsequently measured at amortized cost using the effective interest rate method.

Inventory:

Inventory is stated at the lower of cost or net realizable value. Cost is determined using the weighted average method. The cost includes purchase price, conversion costs, and other costs incurred in bringing the inventory to its present location and condition.

Dividends:

Dividends to the Company's partners are recognized as a liability in the financial statements in the financial period in which they are approved by the owner.

Financial Instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity or financial liabilities or equity instrument of another entity.

Financial Instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity or financial liabilities or equity instrument of another entity.

Financial Assets:

Financial assets include:

- Cash
- A contractual right to receive a financial asset from another entity (receivables)
- A contractual right to exchange financial instruments with another entity under favorable conditions of entity.
- A non-derivative contract where the entity is or may be required to receive a variable number of entity's own equity instruments.

Classification and Initial Recognition:

An entity classifies its financial assets in the following measurement categories:

- Financial assets that are subsequently measured at fair value (either through statement of income (FVSI) or other comprehensive income (FVTOC))
- Financial assets measured at amortized cost.

Classification is based on the business model used in the entity for managing financial assets and contractual terms of cash flows.

For assets measured at fair value, gains or losses are recognized either in the statement of income or other comprehensive income. For investment in debt instruments, it depends on the business model of this investment. For investment in equity instruments, it depends on whether the entity has made an irrevocable choice at the time of initial recognition of equity instruments at FVTOCI. The entity reclassifies debt instruments only when its business model changes to manage those assets.

Dar Al Balad for Business Solutions Company
(Formerly: Dar Al Balad Maintenance & Operations Company)
(A Single-Person Company)
Kingdom of Saudi Arabia
Notes to the Special Purpose Consolidated Financial Statements
For the Years Ended 31 December 2024, 2023 and 2022

At initial recognition, an entity measures its financial assets (not classified as fair value through statement of income) at fair value plus transaction costs directly attributable to the acquisition of financial assets. In the case of financial assets classified as at FVSI, transaction costs are recognized in the statement of income.

Subsequent Measurement of Financial Assets:

Equity Instruments:

- All equity investments are to be measured at fair value and if the entity's management decides to present fair value gains or losses on equity investments within other comprehensive income, then gains (losses) on fair values cannot be reclassified subsequently in the statement of income. Dividend from the investment are recognized as income when the entity's right to receive payments is established.
- Impairment losses and reversal of impairment losses on equity investments measured at FVTOCI are not treated separately from other changes in fair value.
- Changes in the fair value of financial assets at (FVTPL) are recognized in other income in the statement of income as appropriate.

Debt Instruments:

Subsequent measurement for debt instruments is based on the entity's business model for asset management and cash flow characteristics of assets. There are three measurement categories and the entity classifies debt instruments by:

- Amortized cost:
Financial assets held for contractual cash flows represent the original investment and related interest thereon and are measured at amortized cost. Gains or losses on debt instruments at amortized cost that are not part of a hedging relationship are recognized in profit or loss when it is derecognized or impaired.
Interest income from financial assets is recognized using the effective interest rate method.
- Fair value through other comprehensive income (FVOCI):
Financial assets held for contractual cash flows and for sale, where cash flows represent the investment asset and interest thereon and are measured at FVOCI.

Changes in fair value are recognized through other comprehensive income except for the recognition of gains or losses relating to impairment, interest income and foreign exchange gains / losses in the statement of income. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is transferred from equity to income statement, recognized as other gains or losses and interest income from financial assets and treated as financial interest using the effective interest rate method.

- Fair value through statement of income (FVSI):
Assets that do not meet amortized cost or FVOCI are measured at fair value through statement of income. Gains or losses arising from subsequent measurement of investment in debt instruments are recognized at fair value through statement of income that is not part of a hedging relationship within the statement of income. They are recognized as net gains or losses in the period in which they arise. Interest income from these financial assets is recognized as financial interest.

Effective Interest Method:

The effective interest method is a method for calculating the amortized cost of a debt instrument and allocating interest revenue over the relevant period. The effective interest rate is the rate that discounts future cash payments received through the life expectancy of the debt instrument or, if appropriate, in the shorter period to carrying amount at initial recognition.

Impairment:

- The entity assesses expected future credit losses for financial assets at amortized cost and FVOCI. The impairment methodology applied depends on whether there is a significant increase in credit risk.
- For trade receivables only, the entity applies the "simplified approach" permitted by IFRS 9, which requires the recognition of lifetime expected losses in initial recognition of receivables.

Dar Al Balad for Business Solutions Company
(Formerly: Dar Al Balad Maintenance & Operations Company)
(A Single-Person Company)
Kingdom of Saudi Arabia
Notes to the Special Purpose Consolidated Financial Statements
For the Years Ended 31 December 2024, 2023 and 2022

Financial Liabilities:

Financial liabilities include:

- A contractual obligation to deliver cash or another financial asset to another entity.
- A contractual obligation to exchange financial instruments with another entity under conditions that are potentially unfavorable to the entity.
- A non-derivative contract where the entity is obliged to provide a variable number of entity's own equity instruments.

Initial Recognition:

Financial liabilities are recognized initially at fair value. The financial liabilities of the entity include trade payables, other payables and long-term loans from the government at a lower market rate.

Subsequent Measurement:

The entity classifies all financial liabilities after initial recognition at amortized cost.

Offsetting Financial Instruments:

Financial assets and liabilities shall be offset and the net amount presented in the statement of financial position only when there is a current enforceable right to settle the amounts recognized and when there is an intention to settle on a net basis or to liquidate assets and settle liabilities simultaneously.

Disposal of Financial Assets and Liabilities:

- An entity derecognizes a financial asset only when the contractual rights to cash flows from the asset expire or when it transfers the financial asset and all the risks and rewards of ownership thereof to another party. If an entity neither transfers nor retains all risks and rewards of ownership and continues to control the asset, the entity recognizes its share held in the asset and the liability for the amounts it may pay. If an entity retains substantially all risks and rewards of ownership of the financial asset, the entity continues to recognize the financial asset and recognize the associated liability.
- On derecognition of a financial asset measured at amortized cost, the difference between the carrying amount of the asset and the amount of the consideration received and receivable is recognized in the statement of income. In addition, upon derecognition of an investment in a debt instrument classified as FVOCI, the cumulative gain or loss previously recognized in the revaluation reserve is reclassified to profit or loss. Upon derecognition of an investment in equity instruments that the Company has chosen to recognize initially by measuring at (FVOCI), the cumulative gain or loss recognized in the investment revaluation reserve is not classified as profit or loss, but are converted to retained earnings.
- Financial liabilities are derecognized only when the liabilities are discharged, canceled, expired or invalidated. The difference between the carrying amounts of the financial liabilities and the amounts paid and required, including any non-monetary assets transferred or liabilities recognized in the statement of income, is recognized.

Post-Employment Benefits:

Defined Contribution Plan:

The Company contributes to the retirement and social insurance provisions for its employees in accordance with Saudi Labor Law. The Company recognizes its share of fixed contributions to the General Organization for Social Insurance (GOSI) each month as expenses. The Company has no legal or constructive obligation to pay any additional contributions beyond these, and its sole obligation is to pay the contributions when they become due.

End-of-Service Benefits Provision:

The benefits represent the employees' end-of-service award program. The amounts payable are calculated under Saudi Labor Law to compensate employees for their accumulated periods of service. The Company's net obligations regarding these unfunded defined benefit plans ("the obligations") are calculated by estimating the future benefits employees will earn in return for their service in the current and prior periods, then discounting these benefits to determine their present value, along with any unrecognized past service costs.

Dar Al Balad for Business Solutions Company
(Formerly: Dar Al Balad Maintenance & Operations Company)
(A Single-Person Company)
Kingdom of Saudi Arabia
Notes to the Special Purpose Consolidated Financial Statements
For the Years Ended 31 December 2024, 2023 and 2022

The discount rate used is the market yield on government bonds at the financial statements date that have maturity dates approximating the terms of the Company's obligations. The cost of providing benefits under these unfunded defined benefit plans is determined using the projected unit credit method to calculate the present value of the Company's obligations.

The obligations under these unfunded defined benefit plans consist of the present value of the obligations adjusted for any unrecognized past service costs and any unrecognized actuarial gains/losses. Currently, there are no past service costs.

There are no unrecognized remeasurement gains or losses, as all remeasurement gains or losses have been recorded as income or expenses in the other comprehensive income statement during the period in which they arose.

5- Adoption of new and amended International Financial Reporting Standards (IFRS):

a) New and amended International Financial Reporting Standards (IFRS) that become effective:

The following new and amended International Financial Reporting Standards (IFRS) that became effective for financial periods beginning on or after January 1, 2024, have been applied in the preparation of the company's financial statements. These standards did not have a material impact on the amounts and disclosures presented in the current year's financial statements, as follows:

IFRS or Interpretation	Effective Date
Amendments to International Accounting Standards No. 1 Classification of liabilities as current and non-current; and non-current liabilities with covenants.	1 January 2024
Amendments to International Financial Reporting Standard (16) Lease Commitment for Sale and Leaseback	1 January 2024
Amendments to International Accounting Standard (7) and International Financial Reporting Standard (7) Supplier financial arrangements.	1 January 2024

b) New and revised IFRSs and Interpretations that are not yet effective.

The company did not adopt any of the following new amended standards that were issued but not yet effective:

IFRS or Interpretation	Effective Date
Amendments to International Financial Reporting Standard No. (10) and International Accounting Standard No. (28) Sale or Contribution to Assets between investors and an associate or joint venture	Effective date postponed indefinitely.
IFRS (S1) – General requirements for the disclosure of sustainability-related financial information, and IFRS (S2) – Climate-related disclosures.	01 January 2024 (The application depends on the regulatory authorities adopting the two standards)
Amendments to International Accounting Standard (21) Lack of Exchangeability	1 January 2025
Amendments to classification and measurement of financial instruments (amendments to IFRS 7 and 9)	1 January 2026
International Financial reporting Standard no 18 – Presentation and Disclosure in financial Statements	1 January 2027
International Financial Reporting Standards no 19 – Disclosure in subsidiaries without public accountability	1 January 2027

Management is currently evaluating the impact of these standards on the financial statements upon application in the future.

Dar Al Balad for Business Solutions Company
(Formerly: Dar Al Balad Maintenance & Operations Company)
(A Single-Person Company)
Kingdom of Saudi Arabia
Notes to the Special Purpose Consolidated Financial Statements
For the Years Ended 31 December 2024, 2023 and 2022

6- Cash and Cash Equivalent:

The details of this item are as follows:

	2024	2023	2022
	SR.	SR.	SR.
Current accounts with local banks in Saudi Riyal	2,148,241	7,561,721	12,173,834
Current accounts with local banks in Foreign currencies	9,153,286	13,868,355	--
Cash held in investment portfolios	23,616,485	--	--
Total - Exhibit A	34,918,012	21,430,076	12,173,834

7- Accounts Receivable, Net:

a) The details of this item are as follows:

	2024	2023	2022
	SR.	SR.	SR.
Trade accounts receivable	55,275,646	45,273,713	37,272,570
Provision for impairment of receivables – Note (7/b)	(5,827,197)	(5,678,023)	(6,068,808)
Trade accounts receivable – net	49,448,449	39,595,690	31,203,762

b) The movement in the provision for impairment of receivables is as follows:

	2024	2023	2022
	SR.	SR.	SR.
Balance at beginning of the year	5,678,023	6,068,808	4,153,590
Provision made during the year	361,134	861,356	1,915,218
Write-off of doubtful debts	(211,960)	(1,252,141)	--
Balance at end of the year – Note (7/a) – Exhibit A	5,827,197	5,678,023	6,068,808

c) The analysis of accounts receivable based on the Group's provision matrix as of 31 December:

	Total	0-90 days	90-12 days	120-299 days	300-329 days	Over 1 year
	SR.	SR.	SR.	SR.	SR.	SR.
2024	55,275,646	40,681,655	9,086,929	1,999,348	720,888	2,786,826
2023	45,273,713	35,461,591	6,613,771	1,462,685	219,660	1,516,006
2022	37,272,570	23,533,645	7,235,405	3,933,725	963,882	1,605,913

8- Prepaid Expenses and Other Receivables

The details of this item are as follows:

	2024	2023	2022
	SR.	SR.	SR.
Prepaid expenses	4,588,715	2,450,748	1,701,043
Advance payment to suppliers	12,019	1,044,549	2,430,943
Medical insurance	9,072	15,657	19,519
Value added tax (VAT)	4,123,044	2,551,355	553
Employees advances and cash guarantees	489,740	681,994	304,122
Margin on letters of guarantee	303,642	401,442	16,738
Other	2,570	76,025	3,385
Provision for impairment of letters of guarantee	--	--	(13,439)
Provision for impairment of advance payment to suppliers	--	--	(21,443)
Total – Exhibit A	9,528,802	7,221,770	4,441,421

9- Inventories:

This item represents chemical materials in stock.

Dar Al Balad for Business Solutions Company
(Formerly: Dar Al Balad Maintenance & Operations Company)
(A Single-Person Company)
Kingdom of Saudi Arabia
Notes to the Special Purpose Consolidated Financial Statements
For the Years Ended 31 December 2024, 2023 and 2022

10- Work-In-Progress:

The details of this item are as follows:

	2024	2023	2022
	SR.	SR.	SR.
Balance at the beginning of the year	--	625,477	582,611
Addition during the year	--	--	42,866
Transferred to property, plant and equipment	--	(625,477)	--
Balance at the end of the year	--	--	625,477

11- Unbilled Revenue:

The details of this item are as follows:

	2024	2023	2022
	SR.	SR.	SR.
Balance at the beginning of the year	17,009,036	5,692,200	6,839,080
Addition during the year	27,486,969	17,009,036	5,692,200
Billed amount	(17,009,036)	(5,692,200)	(6,839,080)
Balance at the end of the year – Exhibit A	27,486,969	17,009,036	5,692,200

12- Investment Portfolios at Fair Value Through Profit or Loss:

a) The details of this item are as follows:

	2024	2023	2022
	SR.	SR.	SR.
Investment in Bank Albilad Capital Fund –B	--	11,458,992	--
Investment in investment portfolios –C	13,283,798	4,734,440	939,826
Total – Exhibit A	13,283,798	16,193,432	939,826

b) Movement in Bank Albilad Capital Fund Investments at fair value through profit or loss as of 31 December:

	2024	2023	2022
	SR.	SR.	SR.
Balance at beginning of the year	11,458,992	--	--
Additions during the year	154,459,900	94,811,737	--
Withdrawals during the year	(166,516,596)	(83,811,737)	--
Total	(597,704)	11,000,000	--
Cash dividends received	597,704	458,992	--
Total – Note (12/a)	--	11,458,992	--

c) Movement in investment portfolios:

	2024	2023	2022
	SR.	SR.	SR.
Balance at beginning of the year	4,734,440	939,826	--
Purchases during the year	31,337,281	10,856,529	6,919,303
Sales during the year	(25,980,210)	(6,761,916)	(5,891,686)
Total	10,091,511	5,034,439	1,027,617
Share sale profit	695,088	464,412	(31,476)
Portfolio total before valuation	10,786,599	5,498,851	996,141
Cash dividends receivable	(29,000)	45,490	--
Unrealized gains (losses) from revaluation	2,526,199	(718,921)	(56,315)
Total – Note (12/a)	13,283,798	4,734,440	939,826

Dar Al Balad for Business Solutions Company
(Formerly: Dar Al Balad Maintenance & Operations Company)
(A Single-Person Company)
Kingdom of Saudi Arabia
Notes to the Special Purpose Consolidated Financial Statements
For the Years Ended 31 December 2024, 2023 and 2022

13- Property, Plant and Equipment, Net:

a) The details of cost and accumulated depreciation for the year 31 December 2024 are as follows:

	Buildings*	Equipment and tools	Machinery and equipment	Furniture and fixtures	Office equipment	Vehicles	Total
Cost	SR.	SR.	SR.	SR.	SR.	SR.	SR.
Balance at 1/01/2024	5,605,738	496,868	4,224,375	387,836	716,330	604,598	12,035,745
Additions during the year	--	--	--	95,919	56,150	--	152,069
Balance at 31/12/2024	5,605,738	496,868	4,224,375	483,755	772,480	604,598	12,187,814
Less: Accumulated Depreciation							
Balance at 1/01/2024	977,039	374,987	2,287,016	125,471	607,549	444,327	4,816,389
Depreciation for the year	311,559	93,839	703,695	60,195	37,299	70,542	1,277,129
Balance at 31/12/2024	1,288,598	468,826	2,990,711	185,666	644,848	514,869	6,093,518
Property, plant and equipment, net - 31/12/2024 – Exhibit A	4,317,140	28,042	1,233,664	288,089	127,632	89,729	6,094,296

* The buildings mentioned above are constructed on land leased from the Industrial Cities Authority at a nominal rate for a period of 20 years.

Dar Al Balad for Business Solutions Company
(Formerly: Dar Al Balad Maintenance & Operations Company)
(A Single-Person Company)
Kingdom of Saudi Arabia
Notes to the Special Purpose Consolidated Financial Statements
For the Years Ended 31 December 2024, 2023 and 2022

b) The details of cost and accumulated depreciation for the year 31 December 2023 are as follows:

	Buildings*	Equipment and tools	Machinery and equipment	Furniture and fixtures	Office equipment	Vehicles	Total
Cost	SR.	SR.	SR.	SR.	SR.	SR.	SR.
Balance at 1/01/2023	4,980,261	460,796	2,349,375	317,000	656,844	604,598	9,368,874
Additions during the year	625,477	36,072	1,875,000	70,836	59,487	--	2,666,872
Balance at 31/12/2023	5,605,738	496,868	4,224,375	387,836	716,331	604,598	12,035,746
Less: Accumulated Depreciation							
Balance at 1/01/2023	728,026	256,703	1,583,320	88,361	564,519	352,255	3,573,184
Depreciation for the year	249,013	118,284	703,696	37,110	43,030	92,072	1,243,205
Balance at 31/12/2023	977,039	374,987	2,287,016	125,471	607,549	444,327	4,816,389
Property, plant and equipment, net - 31/12/2023 – Exhibit A	4,628,699	121,881	1,937,359	262,365	108,782	160,271	7,219,357

* The buildings mentioned above are constructed on land leased from the Industrial Cities Authority at a nominal rate for a period of 20 years.

Dar Al Balad for Business Solutions Company
(Formerly: Dar Al Balad Maintenance & Operations Company)
(A Single-Person Company)
Kingdom of Saudi Arabia
Notes to the Special Purpose Consolidated Financial Statements
For the Years Ended 31 December 2024, 2023 and 2022

c) The details of cost and accumulated depreciation for the year 31 December 2022 are as follows:

	Buildings*	Equipment and tools	Machinery and equipment	Furniture and fixtures	Office equipment	Vehicles	Total
	SR.	SR.	SR.	SR.	SR.	SR.	SR.
Cost							
Balance at 1/01/2022	4,980,261	460,796	2,349,375	317,000	618,439	445,500	9,171,371
Additions during the year	--	--	--	--	38,405	214,098	252,503
Disposal during the year	--	--	--	--	--	(55,000)	(55,000)
Balance at 31/12/2022	4,980,261	460,796	2,349,375	317,000	656,844	604,598	9,368,874
Less: Accumulated Depreciation							
Balance at 1/01/2022	479,013	141,513	1,348,376	56,782	527,873	351,381	2,904,938
Depreciation for the year	249,013	115,190	234,944	31,579	36,646	55,874	723,246
Related to disposal	--	--	--	--	--	(55,000)	(55,000)
Balance at 31/12/2022	728,026	256,703	1,583,320	88,361	564,519	352,255	3,573,184
Property, plant and equipment, net - 31/12/2022 – Exhibit A	4,252,235	204,093	766,055	228,639	92,325	252,343	5,795,690

* The buildings listed above are built on land leased from the Industrial Cities Authority at a nominal fee for a 20-year period.

Dar Al Balad for Business Solutions Company
(Formerly: Dar Al Balad Maintenance & Operations Company)
(A Single-Person Company)
Kingdom of Saudi Arabia
Notes to the Special Purpose Consolidated Financial Statements
For the Years Ended 31 December 2024, 2023 and 2022

14- Right-of-Use Asset, Net and Lease Liabilities:

a) Right-of-use Asset, Net

	2024	2023	2022
	SR.	SR.	SR.
Cost at beginning of the year	1,233,570	1,233,570	563,032
Addition during the year	287,100	--	670,538
Cost at end of the year	1,520,670	1,233,570	1,233,570
Accumulated depreciation at beginning of the year	(559,422)	(254,308)	(25,914)
Depreciation during the year – note (27)	(245,163)	(305,114)	(228,394)
Accumulated depreciation at end of the year	(804,585)	(559,422)	(254,308)
Right-of-use assets, net – Exhibit A	716,085	674,148	979,262

b) Lease Liabilities:

	2024	2023	2022
	SR.	SR.	SR.
Balance at the beginning of the year	627,226	918,499	503,233
Lease liabilities added during the year	287,100	--	670,538
Interest on lease liabilities – Note (29)	24,562	30,118	34,620
Lease liability payments	(256,192)	(321,391)	(289,892)
Balance at end of the year	682,696	627,226	918,499

Classified as follows:

Current portion of lease liabilities – Exhibit A	157,630	184,050	291,273
Non-Current portion of lease liabilities – Exhibit A	525,066	443,176	627,226

- c) The leased assets consist of a land lease for the factory site at SR.39,992 annually for twenty years, the company headquarters lease at SR.40,000 annually for three years, a land lease at Al-Batha border - Saudi Customs at SR.48,000 annually for three years, and a Jeddah office lease at SR.63,000 annually for two years.

15- Investments in Equity Instruments at Fair Value Through Profit or Loss:

During 2024, the Company invested in Durar Real Estate Company (a limited liability company), acquiring an 8.89% capital stake for SR.8,890 along with an additional capital investment of SR.11,991,110. The investee company's activities include: electrical wiring installation, computer and communication network installation, land and real estate trading and subdivision, off-plan sales activities, and general construction of non-residential buildings (such as schools, hospitals, hotels, etc.). These investments were valued at book value as it did not differ materially from fair value, which was determined by an independent third party.

	Investment percentage	2024	2023	2022
		SR.	SR.	SR.
Durar Real Estate Company	8.89%	12,000,000	--	--
Total – Exhibit A		12,000,000	--	--

Dar Al Balad for Business Solutions Company
(Formerly: Dar Al Balad Maintenance & Operations Company)
(A Single-Person Company)
Kingdom of Saudi Arabia
Notes to the Special Purpose Consolidated Financial Statements
For the Years Ended 31 December 2024, 2023 and 2022

16- Short-Term Loans:

The details of this item are as follows:

	2024	2023	2022
	SR.	SR.	SR.
Saudi Investment Bank	--	4,916,895	2,309,785
Al Ahli Saudi Bank	--	4,510,152	--
Total – Exhibit A	--	9,427,047	2,309,758

The company, Dar Al Balad for Business Solutions, has two Sharia-compliant credit facility agreements, as follows:

- A banking facility agreement with the Saudi Investment Bank for SR.10,000,000 (2023: SR.8,000,000) for the purpose of financing the purchase and sale of goods and issuing various guarantees. Key guarantees associated with the agreement include performance and financial guarantees provided by (the Kafala Program for financing SMEs, major shareholders, and the issuing company). The utilized facility amounts are repaid in a lump sum after six months with interest based on the Saudi Central Bank (SAMA) rate plus 1% annually.
- A credit facility agreement with Al Ahli Saudi Bank (formerly Saudi American Bank "Samba") for SR.7,000,000 for the purpose of financing the company's operational expenses and issuing various guarantees. Key guarantees associated with the agreement include performance and financial guarantees provided by (the Kafala Program for financing SMEs, major shareholders, and the issuing company).

As of December 31, 2022, the Global Specialty Chemicals Company had a Sharia-compliant credit facility agreement, as follows:

- A banking facility agreement with the Saudi Investment Bank for financing the purchase and sale of chemicals and raw materials related to the company, with direct payment to suppliers through the bank for up to 90% of the value of invoices accepted by the bank, provided that the invoice maturity does not exceed two months. These loans are to be repaid in a lump sum on the due date.

17- Accrued Expenses and Other Payable Balances:

The details of this item are as follows:

	2024	2023	2022
	SR.	SR.	SR.
VAT liabilities	8,501,027	6,631,550	2,743,643
Withholding tax provision	12,813	32,670	17,966
Accrued salaries and bonuses	309,219	1,074,625	1,615,722
Accrued bank commission	--	--	25,590
Accrued expenses	2,251,113	91,500	89,025
Other payables	1,293,221	242,617	32,500
Accrued social insurance	486,032	387,999	279,616
Customer advance payments	46,956	49,667	2,012,338
Total – Exhibit A	12,900,881	8,510,628	6,816,400

Dar Al Balad for Business Solutions Company
(Formerly: Dar Al Balad Maintenance & Operations Company)
(A Single-Person Company)
Kingdom of Saudi Arabia
Notes to the Special Purpose Consolidated Financial Statements
For the Years Ended 31 December 2024, 2023 and 2022

18- Related Parties:

Due from related parties – short term:

- a) The Group deals in its ordinary course of business with related parties which include entities related to the owner. Transaction with related parties occurred at prices and payment conditions estimated and approved by the group's management are summarized below:

	Nature of relationship	Movement during the year		2024	2023	2022
		Debit	Credit			
		SR.	SR.	SR.	SR.	SR.
Dar Al Balad Commercial Co.	Owner	75,261,841	45,251,409	20,020,000	8,009,569	23,688,073
Diesel Equipment Co.	Affiliate	137,190	148,640	1,789	13,240	24,969
Dar Al Balad Contracting & Operations Co.	Affiliate	43,609,283	43,415,635	20,000	--	670,054
Addar Chemicals Co.	Affiliate	--	150,000	169,967	319,967	165,725
Direct Energy Co.	Affiliate	292,917	336,154	540	43,777	78,777
Global Thermal Chemicals Co.	Affiliate	50,066	159,166	--	109,100	59,034
Global Chemical Industries Co.	Affiliate	65,504	38,066	39,094	11,656	346,739
Al Rufayah Chemicals Co.	Affiliate	--	554,330	--	554,330	554,210
Global Co. for Downstream Industries	Affiliate	730,979	1,353,328	323,309	945,658	755,892
Dar Al Arab Industrial Consultancy Office	Affiliate	473,228	455,094	72,815	54,681	62,095
Najm Investment Co.	Affiliate	3,050,790	3,050,790	--	1	8,928
Abdullah Bin Salmah Real Estate Foundation	Affiliate	--	1	--	1	9,410
Fala Agricultural Co.	Affiliate	7,673	7,734	--	61	64,040
Saudi Tunisian Electricity & Gas Co.	Affiliate	1,431,793	1,716,516	--	284,723	523,627
Bassam Bin Salmah	Affiliate	--	--	--	--	1,257
Total – Exhibit A	Shareholder	--	--	20,647,514	10,346,764	27,012,830

b) **Loan to a Related Party – Owner:**

In 2023, the company transferred SR.12,000,000 to the owner for participation in a project with Durar Al Qimma Real Estate Co. to purchase land and construct buildings. Upon project completion and sale, the loan plus interest will be repaid to the company based on the owner's share of the final sale proceeds. In 2024, the amount was reclassified as an investment in Durar Real Estate Co. (Note 15).

	Nature of relationship	2024	2023	2022
		SR.	SR.	SR.
Dar Al Balad Commercial Co.	Owner	--	12,000,000	--
Total – Exhibit A		--	12,000,000	--

Dar Al Balad for Business Solutions Company
(Formerly: Dar Al Balad Maintenance & Operations Company)
(A Single-Person Company)
Kingdom of Saudi Arabia
Notes to the Special Purpose Consolidated Financial Statements
For the Years Ended 31 December 2024, 2023 and 2022

c) **Due to a related party:**

The company deals in its ordinary course of business with related parties which include entities related to company's partner. Transaction with related parties occurred at prices and payment conditions estimated and approved by the company's management are summarized below:

Nature of relationship	2024		2023		2022	
	SR.		SR.		SR.	
Dar Al Balad Contracting & Operations Co.				173,648		--
Addar Chemicals Co.	769,545	--	978,339		978,339	
Total – Exhibit A	769,545		1,151,987		978,339	

Major transaction with related party:

Nature of transaction	Transaction type	Transaction amount 31 December 2024		Transaction amount 31 December 2023		Transaction amount 31 December 2022	
		SR.		SR.		SR.	
Dar Al Balad Commercial Co.	Owner						
	Short-term loan financing to	40,950,000	16,430,000	16,430,000	8,000,000		
	Short-term loan collection	(42,745,536)	(15,000,000)	(15,000,000)	--	--	--
	Subsidiary dividend distribution	(15,000,000)	--	--	(5,000,000)		
	Services and consultations provided from	(2,380,251)	(2,583,642)	(2,583,642)	--	--	--
	Short-term loan financing from	--	--	--	(12,400,000)		
	Payments for services and consultations	1,111,982	4,020,330	4,020,330	2,966,569		
	Transfer to investments in company capital	(12,000,000)	--	--	--	--	--
	Receipts for services and consultations	(148,535)	(106,687)	(106,687)	(77,880)		
	Services and consultations provided to	2,233,896	2,367,923	2,367,923	1,593,748		
Diesel Equipment Co.	Short-term loan repayments to	41,333,450	--	--	153,758		
	Short-term loan financing from	(42,854,174)	--	--	--	--	--
	Payments for services and consultations	41,937	1,100	1,100	2,791,458		
	Receipts for services and consultations	(261,388)	(2,941,370)	(2,941,370)	(1,711,010)		
	Services and consultations provided from	(300,073)	(323,814)	(323,814)	--	--	--
	Short-term loan collection	--	(3,449,000)	(3,449,000)	--	--	--
Short-term loan financing to		--	3,491,559	3,491,559	--	--	--

Dar Al Balad for Business Solutions Company
(Formerly: Dar Al Balad Maintenance & Operations Company)
(A Single-Person Company)
Kingdom of Saudi Arabia
Notes to the Special Purpose Consolidated Financial Statements
For the Years Ended 31 December 2024, 2023 and 2022

	Nature of transaction	Transaction type	Transaction amount 31 December 2024	Transaction amount 31 December 2023	Transaction amount 31 December 2022
			SR.	SR.	SR.
Addar Chemicals Co.	Affiliate	Services and consultations provided to	--	154,242	172,952
		Services and consultations provided to	292,917	355,231	387,277
Direct Energy Co.	Affiliate	Receipts for services and consultations	(336,154)	(390,231)	(618,389)
		Services and consultations provided to	730,979	189,766	--
Global Co. for Downstream Industries	Affiliate	Receipts for services and consultations	(1,353,328)	--	(219,921)
		Receipts for services and consultations	(26,410)	(985,149)	--
Global Chemical Industries Co.	Affiliate	Short-term loan financing to	--	600,000	--
		Services and consultations provided to	(159,166)	--	--
Global Thermal Chemicals Co.	Affiliate	Receipts for services and consultations	(554,347)	--	--
		Services and consultations provided from	(309,140)	(409,429)	(644,496)
Al Rufayah Chemicals Co.	Affiliate	Payments for services and consultations	452,785	454,192	962,941
		Receipts for services and consultations	(145,955)	(57,612)	(443,793)
Dar Al Arab Industrial Consultancy Office	Affiliate	Receipts for services and consultations	(50,715)	(59,712)	(80,398)
		Short-term loan collection	(3,050,790)	--	--
Najm Investment Co.	Affiliate	Short-term loan financing to	3,000,000	--	--
		Payments for services and consultations	--	288,000	63,312
Fala Agricultural Co.	Affiliate	Receipts for services and consultations	(7,735)	(358,249)	--
		Services and consultations provided to	431,793	531,687	517,328
Saudi Tunisian Electricity & Gas Co.	Affiliate	Short-term loan collection	(1,000,000)	--	--
		Receipts for services and consultations	(716,516)	(770,589)	--
Senior executives	Top management	Short-term loan financing to	1,000,000	--	--
		Salaries and benefits	865,000	660,000	--
		Long-term benefit obligations	1,427,233	--	--

Dar Al Balad for Business Solutions Company
(Formerly: Dar Al Balad Maintenance & Operations Company)
(A Single-Person Company)
Kingdom of Saudi Arabia
Notes to the Special Purpose Consolidated Financial Statements
For the Years Ended 31 December 2024, 2023 and 2022

19- Estimated Zakat Provision:

a) The movement in the estimated Zakat provision in as follows:

	2024	2023	2022
	SR.	SR.	SR.
Balance at the beginning of the year	2,768,794	1,647,796	1,200,176
Provision made during the year	3,332,417	2,693,477	1,708,911
Payment made during the year	(2,681,868)	(1,572,479)	(1,261,291)
Balance at the end of the year – Exhibit A	3,419,343	2,768,794	1,647,796

b) Zakat Status:

Dar Al Balad for Business Solutions (formerly: Dar Al Balad Maintenance and Operation Company)

- The company has submitted its Zakat declarations up to the end of 2023 and has obtained final Zakat certificates. As of now, no final Zakat assessment has been received, and there are no outstanding Zakat objections against the company.

Global Specialty Chemicals Company

- The company has submitted its Zakat declarations and financial statements to the Zakat, Tax, and Customs Authority for the period from its establishment until 2022. It has settled all dues in accordance with these declarations and has obtained a valid Zakat certificate for the year ending December 31, 2022, which remains effective until April 30, 2025.
- In 2024, the Authority issued a Zakat assessment for the year 2020, resulting in a Zakat obligation of SR.10,488. The amount was paid, and the Zakat assessment was finalized.

Addar Chem Group Company

- The company has submitted its Zakat declarations and financial statements to the Zakat, Tax, and Customs Authority up to the end of 2021 and has obtained a final Zakat certificate to date. There are no pending Zakat or tax objections against the company.

20- Employee Benefit Obligations:

- a) The Company has an end-of-service scheme for its employees (the “members”). The scheme entitles the members to a lump sum payment related to length of service and salary at the time of retirement, resignation or death. The scheme is un-funded in that no fund is currently accumulated (whether from contribution by the employer and/or employees) towards the discharge of Company’s obligation under the scheme. This scheme are being ruled by the Labor Law in the Kingdom of Saudi Arabia. The obligation recognized in the statement of financial position related to end of service indemnity represents the present value of the defined benefit obligations at the end of the reporting period. Defined benefit obligations are being calculated annually by independent actuary using the projected unit credit method. Past cost service, current cost service, interest are recognized in the income statement. Actuarial gains or losses are recognized in the comprehensive income.
- b) The amounts recognized in the statement of financial position and the statement of comprehensive income are summarized in the below schedule:

	2024	2023	2022
	SR.	SR.	SR.
Liability in financial position – Exhibit A	10,891,813	11,288,223	8,117,416
Services cost recognized in income statement	3,830,355	2,186,990	1,930,043

Dar Al Balad for Business Solutions Company
(Formerly: Dar Al Balad Maintenance & Operations Company)
(A Single-Person Company)
Kingdom of Saudi Arabia
Notes to the Special Purpose Consolidated Financial Statements
For the Years Ended 31 December 2024, 2023 and 2022

c) Movement in employee benefits obligation:

	2024	2023	2022
	SR.	SR.	SR.
Beginning balance	11,288,223	8,117,416	7,592,144
Services cost charged	3,332,475	2,004,085	1,760,889
Interest cost	497,880	182,905	169,154
Payment made	(1,613,083)	(98,183)	(1,457,500)
Actuarial (gains)/losses	(2,613,682)	1,082,000	82,729
Closing balance – Exhibit A	10,891,813	11,288,223	8,117,416

d) Key actuarial assumptions:

	2024	2023	2022
	SR.	SR.	SR.
Discount rate	4.50%-5.25%	4.50%-5.25%	4.50%-5.25%
Average salary increase	4.75%-5.25%	4.75%-5.25%	4.75%-5.25%
Employee turnover rate	15%	15%	15%

e) Actuarial assumption sensitivity analysis:

	2024	2023	2022
	SR.	SR.	SR.
Increase in discount rate +1%	10,383,549	10,692,650	7,689,135
Decrease in discount rate -1%	11,452,160	11,952,982	8,595,447
Increase in future salary +1%	11,521,363	12,000,399	8,629,544
Decrease in future salary -1%	10,312,243	10,638,595	7,650,264

21- **Capital:**

The company's capital amounted to SR.50,000,000 divided into 50,000,000 cash share of equal value. The value of each share was SR.1 as follows:

	Ownership percentage	No. of Shares	Share of Value	Capital
	%	Share	SR.	SR.
Dar Al Balad Commercial Company	100	50,000,000	1	50,000,000
Total Shares – Exhibit A	100	50,000,000		50,000,000

On 11 December 2024, Dar Al Balad Commercial Company - the owner resolved to increase the company's capital from SR.1,000,000 to SR.50,000,000 with the increase being transferred from Retained Earnings to Capital Account.

22- **Additional Capital Contributions:**

The movement in additional capital contribution is as follows:

	2024	2023	2022
	SR.	SR.	SR.
Balance at beginning of the year	16,453,071	30,670,237	14,217,166
Acquisition of subsidiary at book value – Note 1	--	--	16,453,071
Transfer of additional capital contribution to related party account (owner)	--	(14,217,166)	--
Additional capital contribution	10,000,000	--	--
Total – Exhibit A	26,453,071	16,453,071	30,670,237

23- **Statutory Reserve:**

In accordance with the company's articles of association, 10% of net income is withheld annually as statutory reserve. The company may suspend this appropriation until the reserve reaches 30% of the capital.

Dar Al Balad for Business Solutions Company
(Formerly: Dar Al Balad Maintenance & Operations Company)
(A Single-Person Company)
Kingdom of Saudi Arabia
Notes to the Special Purpose Consolidated Financial Statements
For the Years Ended 31 December 2024, 2023 and 2022

24- Revenue:

The company's revenue consist of the following services and sales:

	2024	2023	2022
	SR.	SR.	SR.
Managed business services	32,309,262	32,437,748	29,266,829
IT consulting services	87,446,016	83,302,000	59,227,451
Managed IT services	123,338,170	79,343,000	68,928,778
Industrial chemical purification services	10,890,204	3,752,611	772,315
Industrial maintenance services	11,733,220	34,435,085	9,719,155
Industrial supply	8,028,128	7,845,098	13,761,811
IoT (Internet of things) services	19,526	72,665	42,872
Total – Exhibit B	273,764,526	241,188,207	181,719,211

Revenue is recognized either over time or at a point in time:

	2024	2023	2022
	SR.	SR.	SR.
Sale of material/spare part (point-in-time)	19,761,348	42,280,183	23,480,966
Industrial maintenance services (over time)	254,003,178	198,908,024	158,238,245
Total – Exhibit B	273,764,526	241,188,207	181,719,211

25- Cost of Revenue:

a) The details of this item are as follows:

	2024	2023	2022
	SR.	SR.	SR.
Managed business services	24,741,898	21,827,968	21,618,703
IT consulting services	68,917,280	64,041,640	47,314,830
Managed IT services	99,062,788	61,940,970	51,754,790
IoT (Internet of things) services	14,930	53,810	32,120
Industrial chemical purification services	5,822,022	1,827,193	228,224
Industrial maintenance services	7,039,911	19,819,463	6,754,885
Industrial supply	3,991,351	5,221,837	10,450,987
Other	4,692,123	5,995,894	5,598,458
Total – Exhibit B	214,282,303	180,728,775	143,752,997

b) **Details of Cost:**

The details of this item are as follows:

	2024	2023	2022
	SR.	SR.	SR.
Salaries, wages and benefits	162,485,175	125,152,468	105,733,736
External labor cost	8,726,587	5,054,488	3,185,934
Cost of sales and services – (c)	12,590,759	26,868,493	17,434,096
Supervision and maintenance cost	4,262,525	--	--
Medical insurance	6,658,039	6,118,472	4,488,607
Social insurance	5,454,451	3,929,951	3,572,219
Government fees	2,259,928	4,018,816	3,319,689
Employee benefits obligation	3,253,651	1,965,952	1,723,840
Travel and tickets	1,134,379	1,279,295	--
Vacation cost	319,970	365,720	--
IT consultancy and support services	4,821,019	3,770,811	3,318,581
Other	2,315,820	2,204,309	976,295
Total – Note (25/a)	214,282,303	180,728,775	143,752,997

Dar Al Balad for Business Solutions Company
(Formerly: Dar Al Balad Maintenance & Operations Company)
(A Single-Person Company)
Kingdom of Saudi Arabia
Notes to the Special Purpose Consolidated Financial Statements
For the Years Ended 31 December 2024, 2023 and 2022

c) Cost of sales and services:

The details of this item are as follows:

	2024	2023	2022
	SR.	SR.	SR.
Beginning inventory	1,621,842	4,243,246	4,048,680
Purchases – Note (25/d)	14,637,049	24,247,089	17,628,662
Closing inventory	(3,668,132)	(1,621,842)	(4,243,246)
Cost of sale and services – Note (25/b)	12,590,759	26,868,493	17,434,096

d) Purchases:

The details of this item are as follows:

	2024	2023	2022
	SR.	SR.	SR.
Local purchases	5,000	4,198,645	4,081
Foreign purchases (imports)	12,610,306	13,136,158	9,671,756
Out-of-scope purchases	1,154,054	6,155,471	7,952,825
Customers and other duties	867,689	756,815	--
Total – Note (25/c)	14,637,049	24,247,089	17,628,662

26- Selling and Distribution Expenses:

The details of this item are as follows:

	2024	2023	2022
	SR.	SR.	SR.
Salaries, wages and benefits	1,005,457	977,265	817,556
Material loading, transport and insurance	590,346	437,898	480,002
Commissions and bonuses	767,315	144,400	317,136
Travel tickets	17,773	14,000	14,434
Iqama/Residency fees	37,067	47,938	40,180
Employee benefit obligation	78,824	38,133	37,049
Other	131,194	238,227	185,304
Total – Exhibit B	2,627,976	1,897,861	1,891,661

27- General and Administrative Expenses:

The details of this item are as follows:

	2024	2023	2022
	SR.	SR.	SR.
Salaries and wages and benefits	3,970,349	3,435,296	4,158,387
Hospitality and hotels	159,167	126,377	147,155
Telecom, internet and mail	294,400	220,132	140,726
Government fees and subscriptions	143,887	156,478	112,981
Maintenance and repairs	44,325	41,837	26,949
Fixed assets depreciation	1,277,129	1,243,203	723,248
Electricity and maintenance	4,383	2,044	3,395
Travel and transportation	154,529	72,908	181,891
Bank charges	32,237	20,928	36,233
Advertising and publicity	52,250	28,200	21,700
Amortization of intangible assets	--	--	173
Hotel accommodation	201,738	149,992	221,438
Withholding and VAT taxes	205,028	1,283,663	500,532
Expected credit loss provisions	361,134	861,356	1,915,218
Right-of-use asset depreciation	245,163	305,114	228,394
Technical support	--	17,547	228,995
Legal and professional fees	342,750	293,520	211,051
Other	1,210,067	666,275	563,660
Total – Exhibit B	8,698,536	8,924,870	9,422,126

Dar Al Balad for Business Solutions Company
(Formerly: Dar Al Balad Maintenance & Operations Company)
(A Single-Person Company)
Kingdom of Saudi Arabia
Notes to the Special Purpose Consolidated Financial Statements
For the Years Ended 31 December 2024, 2023 and 2022

28- Investment Income:

This amount represents fair value gains from investment portfolios recognized through profit or loss:

	2024	2023	2022
	SR.	SR.	SR.
Unrealized gain (losses) from revaluation of investment portfolios – Note (12/c)	2,526,199	(718,921)	(56,315)
Realized gains from sale of shares in investment portfolios – Note (12/c)	695,088	464,412	(31,476)
Dividends received from Bank Al Bilad Capital Fund – Note (12/b)	597,704	458,992	--
Total – Exhibit B	3,818,991	204,483	(87,791)

29- Finance Expenses:

The details of this item are as follows:

	2024	2023	2022
	SR.	SR.	SR.
Bank charges and letters of guarantee	542,678	672,754	496,953
Employee benefit interest	467,880	182,905	169,154
Lease interest	24,562	30,118	34,620
Total – Exhibit B	1,065,120	885,777	700,727

30- Financial Risk Management:

Overview

The Company is exposed to the following risks arising from the use of financial instruments:

- Capital Management Risk.
- Cash with banks
- Interest rate risk
- Credit Risk.
- Liquidity Risk.
- Market Risk (including currency risk and commission rate risk).

This note shows information on the Company's exposure to the above risks, the Company's objectives, policies and procedures regarding measuring and managing risks, and managing the Company's capital. Additional quantitative disclosures have been included in these financial statements.

Risk Management:

The Board of Directors bears the full responsibility for developing and supervising Company's risk management frameworks. Company's risk management policies have been developed to identify and analyze the risks encountered by the Company. Appropriate risk limits and controls have been developed in addition to the compliance thereof. Risk management policies and rules are reviewed regularly to reflect changes in market conditions and the Company's activities.

Capital Management Risk:

The Company aims at, in managing capital, maintaining the company's ability to continue as an operating entity, achieving returns to partners and benefits to other stakeholders and maintaining an optimal capital structure that reduces the cost of capital.

Credit Risk in Bank Balances:

Credit risk arising from bank balances is considered limited, as the company maintains its relationships only with banks that have high credit ratings assigned by international credit rating agencies. Since the bank balances are held with reputable banks within the Kingdom that have strong credit standing, management does not anticipate any defaults in fulfilling their financial obligations.

The company's maximum exposure to credit risk is represented by the carrying amount of these financial instruments, as disclosed in the relevant notes.

Dar Al Balad for Business Solutions Company
(Formerly: Dar Al Balad Maintenance & Operations Company)
(A Single-Person Company)
Kingdom of Saudi Arabia
Notes to the Special Purpose Consolidated Financial Statements
For the Years Ended 31 December 2024, 2023 and 2022

Credit Risk:

Credit risk is the risk that one party to a financial instrument will fail to meet its financial obligations, causing a loss to the company. The company is exposed to credit risk through the book value of its assets, which includes balances with banks and other receivables and due from related parties.

Liquidity Risk:

Liquidity risk is the risk that the company may encounter difficulties in meeting obligations associated with its financial liabilities as they fall due. Liquidity requirements are monitored on a regular basis, and management ensures that sufficient funds are available to meet obligations as they become due.

The company's policy is to ensure that it always maintains sufficient cash and available credit facilities to meet its expected liquidity requirements. To achieve this objective, the company seeks to maintain adequate cash balances or committed credit lines to meet expected operational needs.

The company's current financial liabilities primarily comprise the current portion of bank facilities, trade payables, accrued expenses, and other liabilities. These obligations are expected to be settled within 12 months from the reporting date, and the company anticipates having sufficient funds to meet these obligations.

The following table summarizes the maturity profile of the company's financial obligations based on contractual payments:

Year / description	Carrying amount	Less than one year	From 1 year to 5 years	More than 5 years
31 December 2024	SR.	SR.	SR.	SR.
Trade and other payable	15,515,864	15,515,864	--	--
Amounts due to related parties	769,545	769,545	--	--
Lease liabilities	682,696	157,630	204,420	320,646
Total	16,968,105	16,443,039	204,420	320,646

Year / description	Carrying amount	Less than one year	From 1 year to 5 years	More than 5 years
31 December 2023	SR.	SR.	SR.	SR.
Trade and other payables	17,196,299	17,196,299	--	--
Amounts due to related parties	1,151,987	1,151,987	--	--
Loans	9,427,047	9,427,047	--	--
Lease liabilities	627,226	184,050	101,420	341,756
Total	28,402,559	27,959,383	101,420	341,756

Year / description	Carrying amount	Less than one year	From 1 year to 5 years	More than 5 years
31 December 2022	SR.	SR.	SR.	SR.
Trade and other payables	8,212,177	8,212,177	--	--
Amounts due to related parties	978,339	978,339	--	--
Loans	2,309,758	2,309,758	--	--
Lease liabilities	918,499	291,273	265,181	362,045
Total	12,418,773	11,791,547	265,181	362,045

Market Risk:

Market risk represents the risk arising from changes in market prices, such as foreign exchange rates and commission rates, which may affect the company's income. The objective of market risk management is to manage and monitor market risk exposures within acceptable limits while optimizing returns.

Foreign Currency Risk:

The company is exposed to foreign exchange risk arising from exposure to various currencies, particularly due to fluctuations in exchange rates against the Saudi Riyal. Foreign currency risk primarily arises from commercial transactions. The company's policy requires management to regularly review foreign currency exposure. For monetary assets and liabilities denominated in foreign currencies, the company ensures that the net exposure to the related risks remains within acceptable levels.

Dar Al Balad for Business Solutions Company
(Formerly: Dar Al Balad Maintenance & Operations Company)
(A Single-Person Company)
Kingdom of Saudi Arabia
Notes to the Special Purpose Consolidated Financial Statements
For the Years Ended 31 December 2024, 2023 and 2022

Commission Rate Risk:

Commission rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market commission rates. The company's exposure to changes in market commission rates relates mainly to floating-rate borrowings. However, the company does not have any long-term borrowings, and therefore it is not exposed to long-term commission rate risk.

31- Financial assets and Financial Liabilities:

	2024	2023	2022
	SR.	SR.	SR.
Financial assets at Fair Value			
Investment portfolios at fair value through profit or loss (FVTPL)	13,283,798	16,193,432	939,826
Investment in equity instruments at fair value through profit or loss (FVTPL)	12,000,000	--	--
Total	25,283,798	16,193,432	939,826
Financial Assets at Amortized Cost (net of Impairment)			
Cash and cash equivalents	34,918,012	21,430,076	12,173,834
Accounts receivable	49,448,449	39,595,690	31,203,762
Other debit balances	793,382	1,083,436	320,860
Due from related parties	20,647,514	10,346,764	27,012,830
Loan to a related party	--	12,000,000	--
Total	105,807,357	84,455,966	70,711,286
Financial Liabilities at Amortized Cost			
Short-term borrowings	--	9,427,047	2,309,758
Accounts payable	2,614,983	8,685,671	1,395,777
Other credit balances	309,219	1,074,625	1,615,722
Due to related parties	769,545	1,151,987	978,339
Total	3,693,747	20,339,330	6,299,596
Fair Value Measurement – 2024:			
	Level 1	Level 2	Level 3
	SR.	SR.	SR.
Investment portfolios at (FVTPL)	13,283,798	--	--
Equity instruments at (FVTPL)	--	--	12,000,000
Total	13,283,798	--	12,000,000
Fair Value Measurement – 2023:			
	Level 1	Level 2	Level 3
	SR.	SR.	SR.
Investment portfolios at (FVTPL)	16,193,432	--	--
Total	16,193,432	--	--
Fair Value Measurement – 2022:			
	Level 1	Level 2	Level 3
	SR.	SR.	SR.
Investment portfolios at (FVTPL)	939,826	--	--
Total	939,826	--	--

32- Dividends Distribution:

Dar Al Balad Trading Company – the owner – resolved to distribute dividends for the year ended 31 December 2024 amounting to SAR 5,000,000 (2023: SAR 11,332,876) (2022: SAR 8,000,000).

33- Contingent Liabilities:

The Group has contingent liabilities relating to letters of guarantee issued on its behalf amounting to SR.5,142,196 as of 31 December 2024 (2023: SR. 4,043,587) (2022: SR.2,166,260).

Dar Al Balad for Business Solutions Company
(Formerly: Dar Al Balad Maintenance & Operations Company)
(A Single-Person Company)
Kingdom of Saudi Arabia
Notes to the Special Purpose Consolidated Financial Statements
For the Years Ended 31 December 2024, 2023 and 2022

34- Subsequent Events:

- On 13 January 2025, Dar Al Balad Commercial Company transferred all of its ownership interest in Global Specialty Chemical Co., along with all related rights and obligations, to Dar Al Balad Business Solutions Company.
- On 12 February 2025, the Company's share capital was increased to SAR 70 million.
- On 2 March 2025, Dar Al Balad Business Solutions Company was converted from a limited liability company to a closed joint-stock company.
- During the subsequent period, Addar Chem Group was converted from a subsidiary of Al Alamiya Global Specialty Chemical Co. to a branch of the same company. The branch was registered under sub-commercial registration number 1010276580 issued in Riyadh on 20/11/1430H (corresponding to 9 October 2009).

35- Approval of Financial Statements for Issuance:

These special purpose consolidated financial statements were approved for issuance by the Board of Directors on 01 Ramadan 1443H. Corresponding to 01 March 2025G.

36- General:

The figures in the special purpose consolidated financial statements are rounded to the nearest Saudi Riyal.



Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia

Interim Condensed Consolidated
Financial Statements (Unaudited)
For the Three-Month Period Ended 31 March 2026 G.
Together with the Independent Auditor's Review Report

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia

Index

	Page	Exhibit
Independent Auditor's Review Report on Interim Condensed Consolidated Financial Information	1	--
Interim Condensed Consolidated Statement of Financial Position (Unaudited) As of 31 March 2026 G.	2	A
Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (Unaudited) For the Three-Month Period Ended 31 March 2026 G.	3	B
Interim Condensed Consolidated Statement of Changes in Equity (Unaudited) For the Three-Month Period Ended 31 March 2026 G.	4	C
Interim Condensed Consolidated Statement of Cash Flows (Unaudited) For the Three-Month Period Ended 31 March 2026 G.	5	D
Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) For the Three-Month Period Ended 31 March 2026 G.	6-20	--

شركة طلال أبوغزالة وشركاه محاسبون قانونيون
Talal Abu-Ghazaleh & Co. Certified Public Accountants
 Professional Register No. 1010424464 سجل شركة مهنية رقم ١٠١٠٤٢٤٤٦٤



Independent Auditor's Review Report on Interim Condensed Consolidated Financial Information

The Shareholders

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia

Introduction:

We have reviewed the accompanying interim condensed consolidated statement of financial position of **Dar Al Balad for Business Solutions Company** (the "Company") – **A Closed Joint Stock Company and its Subsidiary** (Collectively referred to as "the Group") as of 31 March 2026 G., and the interim condensed consolidated statements of profit or loss and other comprehensive income, interim condensed consolidated statement of changes in equity, and interim condensed consolidated statement of cash flows for the three-month period then ended and other explanatory notes.

Management is responsible for the preparation and presentation of this interim condensed consolidated 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 condensed consolidated financial information based on our review.

Scope of Review:

We conducted our review in accordance with International Standard on Review Engagement No. 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 primarily of making inquiries 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 the International Standards on Auditing as endorsed in the Kingdom of Saudi Arabia. Consequently, it does not enable us to obtain assurance that we would become aware of all significant matters during an audit. Accordingly, we do not express any audit opinion.

Conclusion:

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard No. (34) as endorsed in the Kingdom of Saudi Arabia.

For Talal Abu-Ghazaleh & Co.


Waleed A. Bamarouf
Certified Public Accountant
License No. 408



17 Dhu Al-Qi'dah 1447H.
 04 May 2026G.

-1-

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شارع العليا العام - بجوار وزارة الداخلية
 هاتف : ٩٦٦ ١١ ٤٦٤ ٢٩٣٦
 فاكس : ٩٦٦ ١١ ٤٦٥ ٩٩١٥
 ص.ب.٩٧٦٧ الرياض ١١٤٢٣ - المملكة العربية السعودية

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia
Interim Condensed Consolidated Statement of Financial Position (Unaudited)
As of 31 March 2026 G.

Exhibit A

	Note	31 March 2026 G. (Unaudited) SR.	31 December 2025 G. (Audited) SR.
Assets			
Current Assets			
Cash and cash equivalents	(6)	9,958,555	28,479,727
Accounts receivables and unbilled revenue, net	(7)	159,568,422	122,683,946
Inventory		2,428,332	2,523,061
Other receivables	(8)	10,198,824	13,398,020
Due from related parties	(9)	6,743,302	6,057,084
Investment portfolios at fair value through profit or loss	(10)	14,124,704	14,402,601
Total Current Assets		203,022,139	187,544,439
Non-Current Assets			
Property, plant, and equipment, net	(11)	4,972,078	5,124,579
Right-of-use assets, net	(12)	567,342	593,394
Investments in equity instruments at fair value through profit or loss	(13)	12,107,236	12,107,236
Total Non-Current Assets		17,646,656	17,825,209
Total Assets		220,668,795	205,369,648
Liabilities and Equity			
Current Liabilities			
Accounts payable		974,491	1,870,755
Other credit balances		7,416,831	16,747,094
Lease liabilities – current portion	(12)	99,271	99,271
Provision for estimated zakat	(15)	5,911,616	4,626,027
Total Current Liabilities		14,402,209	23,343,147
Non-Current Liabilities			
Lease liabilities – non-current portion	(12)	446,286	481,963
Long-term employee benefit obligations		11,668,461	10,714,663
Total Non-Current Liabilities		12,114,747	11,196,626
Total Liabilities		26,516,956	34,539,773
Equity			
Capital	(16)	70,000,000	70,000,000
Additional capital contributions		21,839,626	21,839,626
Statutory reserve	(17)	–	–
Retained earnings		102,312,213	78,990,249
Total Equity – Exhibit C		194,151,839	170,829,875
Total Liabilities and Equity		220,668,795	205,369,648

**The Accompanying Notes from (1) to (25) Constitute an Integral Part of
These Interim Condensed Consolidated Financial Statements**

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia
Interim Condensed Consolidated Statement of Profit or Loss
And Other Comprehensive Income (Unaudited)
For the Three-Month Period Ended 31 March 2026 G.

Exhibit B

	Note	31 March 2026 G.	31 March 2025 G.
		(Unaudited)	(Unaudited)
		SR.	SR.
Revenue	(18)	84,326,298	76,558,692
Cost of revenue	(19)	(65,035,158)	(60,311,553)
Gross Profit		19,291,140	16,247,139
Selling and distribution expenses		(381,720)	(387,621)
Administrative and general expenses	(20)	(3,508,254)	(2,377,431)
Operating Profit		15,401,166	13,482,087
Other income		371,570	102,145
Investment (losses) / income		(50,369)	966,631
Finance costs		(114,814)	(133,509)
Income for the period before estimated Zakat		15,607,553	14,417,354
Estimated Zakat	(15)	(1,285,589)	(911,808)
Profit for the Period after Estimated Zakat		14,321,964	13,505,546
Basic and diluted earnings per share (EPS) from net profit	(21)	0.205	0.193

The Accompanying Notes from (1) to (25) Constitute an Integral Part of
These Interim Condensed Consolidated Financial Statements

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia
Interim Condensed Consolidated Statement of Changes in Equity (Unaudited)
For the Three-Month Period Ended 31 March 2026 G.

Exhibit C

	Share Capital	Additional Capital Contributions	Statutory Reserve	Retained Earnings	Total
	SR.	SR.	SR.	SR.	SR.
For the three-month period ended 31 March 2025 G. (Unaudited)					
Equity as at 01 January 2025 G. (Audited)	50,000,000	10,000,000	4,260,797	40,412,370	104,673,167
Capital increase – Note (16)	20,000,000	(10,000,000)	--	(10,000,000)	--
Transfer statutory reserve to retained earnings	--	--	(4,260,797)	4,260,797	--
Acquisition of GSC Solutions Company – Note (1)	--	21,839,626	--	--	21,839,626
Profit for the period – Exhibit B	--	--	--	13,505,546	13,505,546
Equity as at 31 March 2025 G. (Unaudited)	70,000,000	21,839,626	--	48,178,713	140,018,339

	Share Capital	Additional Capital Contributions	Statutory Reserve	Retained Earnings	Total
	SR.	SR.	SR.	SR.	SR.
For the three-month period ended 31 March 2026 G. (Unaudited)					
Equity as at 01 January 2026 G. (Audited)	70,000,000	21,839,626	--	78,990,249	170,829,875
Profit for the period – Exhibit B	--	--	--	14,321,964	14,321,964
Reversal of dividend distribution*	--	--	--	9,000,000	9,000,000
Equity as at 31 March 2026 (Unaudited)	70,000,000	21,839,626	--	102,312,213	194,151,839

* On 29 January 2026 G., the General Assembly resolved to cancel the dividend distribution for the year 2024 G. amounting to SR.9,000,000, based on the recommendation of the Company's financial advisor. The distributed dividends are to be returned by the shareholders within 15 days from the date of the resolution. On the same day, the shareholders returned the distributed dividends amounting to SR.9,000,000 to the Company's bank account.

The Accompanying Notes from (1) to (25) Constitute an Integral Part of
These Interim Condensed Consolidated Financial Statements

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia
Interim Condensed Consolidated Statement of Cash Flows (Unaudited)
For the Three-Month Period Ended 31 March 2026 G.

	31 March 2026 G.	31 March 2025 G.
	(Unaudited)	(Unaudited)
	SR.	SR.
Cash Flows from Operating Activities		
Profit for the period	14,321,964	13,505,546
Adjustments for non-cash income and expense:		
Depreciation of property, plant, and equipment	248,982	294,391
Amortization of intangible assets	26,052	38,053
Provision for expected credit losses recognized in expenses	983,324	447,661
Finance costs	6,323	133,507
Provision for employee benefits obligation	999,788	430,000
Estimated Zakat	1,285,589	911,808
Realized (gain) / losses from sale of investment at fair value	--	(340,511)
Unrealized losses / (gain) from remeasurement of investments at fair value through profit or loss	397,018	(581,829)
	18,269,040	14,838,627
Changes in operating assets and liabilities:		
Accounts receivables and unbilled revenue	(37,867,800)	(38,688,032)
Other debit balances	3,199,196	4,039,375
Inventory	94,729	(2,367,949)
Net transactions with a related party	(686,218)	772,450
Accounts payable	(896,264)	(530,897)
Other credit balances	(9,330,263)	(6,524,345)
Cash Flows from Operations	(27,217,580)	(28,460,771)
Zakat-paid	--	(472,796)
Finance cost-paid	--	(125,704)
Employee benefit obligation-paid	(45,990)	(346,040)
Net Cash (used in) Operating Activities	(27,263,570)	(29,405,311)
Cash Flows from Investing Activities		
Purchase of property, plant and equipment and project in progress	(96,481)	(27,881)
Purchase of investments at fair value through profit or loss	(119,121)	--
Proceeds from sale of investments at fair value	--	1,702,972
Net Cash (used in) / from Investing Activities	(215,602)	1,675,091
Cash Flows from Financing Activities		
Payment of lease liability	(42,000)	--
Reversal of dividends distribution	9,000,000	--
Net Cash from Financing Activities	8,958,000	--
Net (decrease) in Cash and Cash Equivalents	(18,521,172)	(27,730,220)
Cash and cash equivalents at beginning of period	28,479,727	24,018,509
Cash acquired	--	10,899,503
Cash and Cash Equivalents at End of period – Exhibit A	9,958,555	7,187,792
Supplementary Information on Non-Cash Activities:		
Increase in share capital	--	20,000,000
Investments in a subsidiary	--	21,839,626

**The Accompanying Notes from (1) to (25) Constitute an Integral Part of
These Interim Condensed Consolidated Financial Statements**

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia
Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
For the Three-Month Period Ended 31 March 2026 G.

1- Formation and Nature of Business:

Dar Al-Balad for Business Solutions Company – A Closed Joint Stock Company (hereinafter referred to as the "Company") was established under Commercial Registration No. 1010168374 issued in Riyadh on 9/11/1442 H. and valid until 9/11/1540 H. The Company's activities include, operation and maintenance of buildings; extension and installation of computer networks and wired and wireless telecommunications; maintenance and operation of electrical, electronic, and computer facilities; installation and maintenance of machinery and equipment; and computer and telephone operations.

The financial statements include the assets, liabilities, and results of operations of the company and the following branches:

Branch Name	Commercial Registration Number	Registration Date (Hijri)	Issued Location
Dar Al-Balad Company for Communications and Information Technology	4030263432	14/03/1435 H.	Jeddah
Durar Al-Balad Company for Contracting	1010355941	12/01/1434 H.	Riyadh
Da'irat Al-Balad Company for Trading	1010218342	18/03/1427 H.	Riyadh

Acquisition of a Subsidiary:

The accompanying consolidated financial statements include GSC Solutions, which is controlled by the Company and in which the Company holds controlling equity interests. The details of this company as at 31 March are as follows:

Company Name	2026		2025	
	Capital	Ownership percentage	Capital	Ownership percentage
	SR.	%	SR.	%
GSC Solutions Company	500,000	100%	500,000	100%

The following is a summary of its assets, revenues and expenses as at 31 March 2025 G. and 31 December 2025 G.:

	31 March 2026 G. (Unaudited) SR.	31 December 2025 G. (Audited) SR.
Statement of Financial Position:		
Total Current Assets	19,610,684	16,930,967
Total Non-Current Assets	4,939,354	5,095,468
Total Current Liabilities	(2,750,090)	(2,792,492)
Total Non-Current Liabilities	(1,381,720)	(1,347,502)
Net Assets	20,418,228	17,886,441
Statement of Comprehensive Income:		
Revenue	4,567,325	20,879,866
Cost of Revenue	(958,552)	(10,252,648)
Expenses	(988,167)	(4,529,376)
Other Income	100	389,032
Gains from investments at fair value through profit or loss	51,199	(453)
Finance charge	(22,988)	(81,933)
Estimated Zakat	(117,130)	(407,624)
Net Profit	2,531,787	5,996,864
Items that will not be reclassified subsequently to Profit or (Loss):		
Remeasurement gains on long-term employee benefit obligations	—	49,951
Total Other Comprehensive Income Items for the Year	—	49,951
Total Comprehensive Income for the Year	2,531,787	6,046,815

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia
Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
For the Three-Month Period Ended 31 March 2026 G.

Request for Listing on the Financial Market:

The Company's Extraordinary General Assembly approved on 18 April 2025 to file an application with the Capital Market Authority to register and offer its shares on the main Saudi stock market ("Tadawul") and to offer 21 million ordinary shares representing 30% of the Company's share capital, and authorized the Board of Directors with full authority to complete the offering and listing process. The Company's management prepared the registration and offering file and submitted it to the Capital Market Authority and relevant authorities. On 11 Rajab 1447 H, corresponding to 31 December 2025 G., the Capital Market Authority issued its approval based on the application of Dar Al Balad for Business Solutions Company to register its shares and offer 21 million shares for public subscription, representing 30% of the Company's total shares. The Authority's approval of the application is effective for a period of six months from the date of the Authority's Board resolution, and the approval shall be void if the offering and listing of the Company's shares is not completed within this period.

The financial statements represent only the assets, liabilities, and results of operations of the aforementioned commercial entities.

The Company's registered address is as follows:

Riyadh - Al Olaya District
P.O. Box: 285121, Riyadh: 11323
Kingdom of Saudi Arabia

2- Basis of Preparation:

Statement of compliance:

These interim condensed consolidated financial statements have been prepared for the three month period ended 31 March 2026 in accordance with International Accounting Standard – 34 "Interim Financial Reporting" as endorsed in Kingdom of Saudi Arabia. The Company has prepared the interim condensed financial statements on a going concern basis. The Board of Directors have considered that there are no material uncertainties that would cast significant doubt on this assumption and have expressed a judgment that it is reasonably expected that the company will have sufficient resources to continue its operation for the foreseeable future in a period of not less than 12 months from the end of the financial period.

These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the company's annual financial statements as of 31 December 2025 G. However, the results of operations for the interim periods may not be a fair indication of the results of operations for the full year.

Bases of Measurement:

These interim condensed financial statements were prepared in accordance with the historical cost basis and using the accrual accounting basis, except for employee benefits obligations, which were measured at the present value of future obligations, and investments at fair value through profit or loss.

Functional and Presentation Currency:

These interim condensed financial statements have been presented in Saudi Riyal, which is also the Company's functional currency.

3- Material Accounting Policy Information and the Changes in the Accounting Policies Specific to the Company:

The accounting policies applied in the preparation of these interim condensed financial statements are consistent with those applied in the preparation of the annual financial statements of the Company for the year ended at 31 December 2025 G., except for the application of amendments to standards effective as of 1 January 2026 G. The Company has not early adopted any standards, interpretations or amendments issued and not yet effective.

4- Use of Estimates, Judgments, and Accounting Assumptions:

The Management has used estimates, judgments and assumptions that affect the Company's application of accounting policies and the reported amounts of assets, liabilities, revenues, and expenses. Actual results may differ from these estimates.

The significant judgments made by the Management in applying the Company's accounting policies, and the key sources of estimation uncertainty, are similar to those disclosed in the most recent annual financial statements.

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia
Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
For the Three-Month Period Ended 31 March 2026 G.

5- Adoption of New and Amended International Financial Reporting Standards:

a) New and amended International Financial Reporting Standards that become effective:

The following new and amended International Financial Reporting Standards (IFRS), which are effective for financial periods beginning on or after 1 January 2026, have been applied in the preparation of the Company's financial statements. These standards did not have a material impact on the amounts and disclosures presented in the current year's financial statements, as follows:

Standard or interpretation	Description	Effective for periods beginning on or after the following date
Amendments to IFRS (9) and IFRS (7)	Classification and Measurement of Financial Instruments	1 January 2026 G.
Amendments to: IFRS (1) IFRS (7) IFRS (9) IFRS (10) and IAS (7)	Annual Improvements to IFRS Standards	1 January 2026 G.

b) New and Amended International Financial Reporting Standards that are Not Yet Effective:

The Company has not applied any of the following new and amended International Financial Reporting Standards that have been issued but are not yet effective:

Standard or interpretation	Description	Effective for periods beginning on or after the following date
IFRS (18)	Presentation and Disclosure in Financial Statements	1 January 2027 G.
IFRS (19)	Disclosures for Subsidiaries without Public Accountability	1 January 2027 G.
Amendment to IAS (21)	Translation to a hyperinflationary presentation currency	1 January 2027 G.
IFRS (10) and IAS (28)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture Amendments to IFRS (10) and IAS (28)	Available for optional application / Effective date deferred indefinitely
International Financial Reporting Standard (S1) International Financial Reporting Standard (S2)	General Requirements for Disclosure of Sustainability-related Financial Information and Climate-related Disclosures	1 January 2024 (Application depends on regulatory adoption)

The Company's Management is in the process of evaluating the effect of the standards when applied in future periods.

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia
Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
For the Three-Month Period Ended 31 March 2026 G.

6- Cash and Cash Equivalents:

The details of this item are as follows:

	31 March 2026 G. (Unaudited)	31 December 2025 G. (Audited)
	SR.	SR.
Current accounts with local banks in Saudi Riyal	9,184,696	9,230,064
Current accounts with local banks in foreign currencies	773,859	200,598
Cash held by investment portfolios	–	19,049,065
Total – Exhibit A	9,958,555	28,479,727

7- Accounts Receivable, Net:

a) The details of this item are as follows:

	31 March 2026 G. (Unaudited)	31 December 2025 G. (Audited)
	SR.	SR.
Trade accounts receivable	96,725,979	75,260,530
Unbilled revenue – Note (7/b)	70,442,570	54,040,220
Provision for expected credit losses – Note (7/b)	(7,600,127)	(6,616,804)
Total – Exhibit A	159,568,421	122,683,946

b) **Unbilled revenue:**

The details of this item are as follows:

	31 March 2026 G. (Unaudited)	31 December 2025 G. (Audited)
	SR.	SR.
Balance at beginning of the year	54,040,220	24,483,555
Additions from acquisition	–	3,003,414
Additions during the year	45,354,274	52,603,516
Invoiced issued	(28,951,924)	(26,050,265)
Balance at end of the year – Note (7/a)	70,442,570	54,040,220

c) The movement in the provision for impairment of receivables is as follows:

	31 March 2026 G. (Unaudited)	31 December 2025 G. (Audited)
	SR.	SR.
Balance at beginning of the period / year	6,616,804	5,234,231
Addition from acquisitions	–	592,966
Charge for the year – Note (24)	983,323	789,607
Balance at end of year – Note (7/a)	7,600,127	6,616,804

d) The following is an aging analysis of accounts receivable as at the period ended 31 March 2026 G. and the year ended 31 December 2025 G.

Year	Total	0-90 Days	90-180 Days	180-270 Days	270-360 Days	More than one year
31 March 2026 G.	167,168,549	101,631,693	43,324,735	10,729,511	8,556,705	2,925,905
31 December 2025 G.	129,300,750	106,144,191	11,018,612	7,768,511	3,280,637	1,088,799

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia
Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
For the Three-Month Period Ended 31 March 2026 G.

8- Other Debit Balances:

The details of this item are as follows:

	31 March 2026 G. (Unaudited)	31 December 2025 G. (Audited)
	SR.	SR.
Prepaid expenses	3,152,652	3,765,352
Margin on letters of guarantee	1,000,845	363,463
Employee advance	229,444	357,992
Advances to suppliers	1,935,625	1,001,264
Value added tax (VAT)	3,880,258	7,909,949
Total – Exhibit A	10,198,824	13,398,020

9- Investment Portfolios at Fair Value Through Profit or Loss:

The details of this item are as follows:

	31 March 2026 G. (Unaudited)	31 December 2025 G. (Audited)
	SR.	SR.
Balance at beginning of the period / year	14,402,601	12,941,172
Additions from acquisition	--	342,627
Purchases during the period / year	119,121	6,900,802
Sales during the period / year	--	(8,577,294)
Total	14,521,722	11,607,307
Gains on sale of shares during the period / year	--	354,378
Total portfolio before revaluation	14,521,722	11,961,685
Unrealized (loss) / gains from revaluation during the period / year	(397,018)	2,440,916
Total – Exhibit A	14,124,704	14,402,601

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia
Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
For the Three-Month Period Ended 31 March 2026 G.

10- Related Parties:

The Company, in its ordinary course of business, deals with entities considered to be related parties. These parties include entities related to shareholders. Transactions with related parties are conducted at prices estimated and approved by the Company's management. The movement in this account is as follows:

a) Due from related parties:

	Nature of relationship	31 March 2026 G. (Unaudited)	31 December 2025 G. (Audited)
		SR.	SR.
Dar Al-Balad Commercial Company	Shareholder	6,616,605	6,054,453
Diesel Equipment Company	Affiliated Company	1,990	1,819
Global Manufacturing Industries Company	Affiliated Company	124,066	--
Direct Energy Company	Affiliated Company	640	812
Total – Exhibit A		6,743,302	6,057,084

b) Major transaction with related parties:

	Nature of relationship	Type of relationship	Transaction amount 31 March 2026 G. (Unaudited)	Transaction amount 31 December 2025 G. (Audited)
			SR.	SR.
Dar Al-Balad Commercial Company	Shareholder	Short-term loan financing provided to owner	--	3,200,000
		Services and consulting provided by owner	--	(105,800)
		Payments for services and consulting	--	3,368,360
		IPO expenses (shareholders)	562,152	6,059,800
		Expenses paid on behalf	--	87,906
Diesel Equipment Company	Affiliated Company	Services and consulting provided to the party	36,542	136,537
		Receipts for services and consulting	(36,542)	(136,537)
Dar Al-Balad for Contracting and Operations Company	Affiliated Company	Services and consulting provided to the party	414,000	1,656,000
		Receipts for services and consulting	(414,000)	(1,658,166)
		Services and consulting provided by the party	--	46,000
		Expenses paid on behalf	--	28,166
Direct Energy Company	Affiliated Company	Services and consultations to the party	113,626	394,555
		Receipts for services and consulting	(113,626)	(394,555)
		Expenses paid on behalf	--	272
Global Manufacturing Industries Company	Affiliated Company	Services and consultations to the party	124,066	110,400
		Receipts for services and consulting	--	(433,709)

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia
Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
For the Three-Month Period Ended 31 March 2026 G.

Dar Al-Arab Industrial Consulting Office	Affiliated Company	Services and consulting provided by the party	--	(131,605)
		Payments for services and consulting	--	878,212
		Receipts for services and consulting	--	(811,221)
		Expenses paid on behalf	--	8,200
Saudi Tunisian Electricity and Gas Company	Affiliated Company	Services and consulting provided to the party	106,112	424,447
		Receipts for services and consulting	(106,112)	(424,587)
		Expenses paid on behalf	--	140
Key Executives	Senior Management	Salaries and benefits	536,720	1,080,000
		Long-term employee benefit obligations	2,521,800	1,607,207
Board of directors	Board of Directors	Remuneration	13,000	557,000

- c) The shareholder has undertaken to bear the offering costs for 30% share of the Company's capital that pertains to the shareholder, in accordance with the resolutions of the Company's Extraordinary General Assembly (Note 1).

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia
Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
For the Three-Month Period Ended 31 March 2026 G.

11- Property, Plant and Equipment, Net:

a) The details of cost and accumulated depreciation for the period ended 31 March 2026 G. are as follows:

	* Buildings	Tools and Equipment	Machinery and Equipment	Furniture and Fixture	Office equipment	Vehicles	Total
	SR.	SR.	SR.	SR.	SR.	SR.	SR.
Balance as at 01/01/2026 G.	5,605,738	496,868	4,224,375	488,095	957,673	604,598	12,377,347
Additions during the period	--	64,000	--	1,703	30,778	--	96,481
Balance as of 31/03/2026 G.	5,605,738	560,868	4,224,375	489,798	988,451	604,598	12,473,828
Accumulated Depreciation							
Balance as of 01/01/2026 G.	1,600,157	481,917	3,658,389	228,882	715,028	568,395	7,252,768
Depreciation for the period	76,822	4,947	120,868	10,638	22,511	13,199	248,982
Balance as of 31/03/2026 G.	1,676,979	486,864	3,779,254	239,521	737,539	581,593	7,501,750
Net property plant and equipment as of 31/03/2026 G. – Exhibit A	3,928,759	74,004	445,121	250,277	250,912	23,005	4,972,078

b) The buildings listed above are constructed on land leased from the Industrial Cities Authority at a nominal rate for a period of 20 years.

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia
Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
For the Three-Month Period Ended 31 March 2026 G.

c) The details of cost and accumulated depreciation for the year ended 31 December 2025 G. are as follows:

	* Buildings	Tools and Equipment	Machinery and Equipment	Furniture and Fixture	Office equipment	Vehicles	Total
	SR.	SR.	SR.	SR.	SR.	SR.	SR.
Balance as at 01/01/2025 G.	--	--	--	354,882	724,028	278,750	1,357,660
Additions from acquisition	5,605,738	496,868	4,224,375	128,873	48,452	325,848	10,830,154
Additions during the year	--	--	--	4,340	185,193	--	189,533
Balance as of 31/12/2025 G.	5,605,738	496,868	4,224,375	488,095	957,673	604,598	12,377,347
Accumulated Depreciation							
Balance as of 01/01/2025 G.	--	--	--	130,274	603,419	234,402	968,095
Additions from acquisition	1,288,598	468,826	2,990,711	55,391	41,429	280,468	5,125,423
Depreciation for the year	311,559	13,091	667,678	43,217	70,180	53,525	1,159,250
Balance as of 31/12/2025 G.	1,600,157	481,917	3,658,389	228,882	715,028	568,395	7,252,768
Net property plant and equipment as of 31/12/2025 G. – Exhibit A	4,005,581	14,951	565,986	259,213	242,645	36,203	5,124,579

d) The buildings mentioned above are constructed on land leased from the Industrial Cities Authority at a nominal rate for a period of 20 years.

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia
Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
For the Three-Month Period Ended 31 March 2026 G.

12- Right-of-Use Assets / Lease Liabilities:

This item represents the application of International Financial Reporting Standard (IFRS) 16. The Company has adopted a single recognition and measurement principle for all lease contracts in which it is the lessee, with the exception of short-term leases and leases of low-value assets. The Company has recognized lease liabilities, representing the obligation to make lease payments, and corresponding right-of-use assets, which represent the right to use the underlying assets which are subject to the contracts.

	31 March 2026 G. (Unaudited) SR.	31 December 2025 G. (Audited) SR.
Balance at beginning of period / year	1,467,710	957,638
Addition resulting from acquisition	--	563,032
Disposal during the period / year	--	(175,605)
Additions during the period / year	--	122,645
Total	1,467,710	1,467,710
Accumulated amortization		
Balance at beginning of the period / year	(874,316)	(693,864)
Addition from acquisition	--	(110,721)
Disposal during the period/year	--	28,477
Amortization charge for the period / year	(26,052)	(98,208)
Total	(900,368)	(874,316)
Net carrying amount of right-of-use assets – Exhibit A	567,342	593,394
Lease Liabilities:		
Balance at beginning of period / year	581,234	240,346
Addition resulting from acquisition	--	442,350
Additions during the period / year	--	122,645
Less / add:		
Payments made during the year period / year	(42,000)	(101,992)
Disposal during the period / year	--	(148,483)
Interest on lease liabilities period / year	6,323	26,368
Total lease liabilities	545,557	581,234
Less: Current portion of lease liabilities – Exhibit A	99,271	99,271
Non-Current portion of lease liabilities – Exhibit A	446,286	481,963

* The leased assets consist of the lease of the company's premises for an amount of SR.40,000 per year for a period of three years, the lease of the Jeddah office for an amount of SR.63,000 for a period of two years, and the lease of the factory site land plot for an amount of SR.39,992 per year for a period of twenty years.

13- Investments in Equity Instruments at Fair Value Through Profit or Loss:

During the year 2024 G., the Company invested in Durr Real Estate Company (a limited liability company), with an investment in capital representing 8.89% for SR.8,890, in addition to an investment in additional capital of SR.11,991,110. The company's activities include electrical wiring installation, computer and communication network installation, buying and selling land and real estate and their subdivision, off-plan sales activities, and general construction of non-residential buildings (e.g., schools, hospitals, hotels, etc.) during the year 2025 G. valuation was obtained from an external valuer, Ahmed Zaki Al-Kulaibi for Management Consultancies, and the revaluation resulted in revaluation surplus of SR.107,236.

	Investment Percentage	Balance at Beginning of Period	Additions During the Period	Balance at End of Period
	SR.	SR.	SR.	SR.
Durr Real Estate Company	8.89%	12,107,236	--	12,107,236
Total – Exhibit A		12,107,236	--	12,107,236

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia
Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
For the Three-Month Period Ended 31 March 2026 G.

14- Bank Facilities:

Dar Al Balad for Business Solutions Company has a Sharia-compliant credit facilities agreement with the Saudi Investment Bank in the amount of SR.10,000,000 (2025: SR.10,000,000) for the purpose of financing the purchase and sale of goods and the issuance of various guarantees. Key guarantees associated with the agreement include the provision of a surety bond and performance guarantee by, the Small and Medium Enterprises Financing Guarantee Program (Kafalah), major shareholders, and the issuing company. The utilized facility amounts are payable in a single lump sum after six months with interest based on the Saudi Central Bank (SAMA) rate plus 1% annually.

15- Provision for Estimated Zakat:

The movement on the zakat provision is as follows:

	31 March 2026 G. (Unaudited)	31 December 2025 G. (Audited)
	SR.	SR.
Balance of Zakat provision at beginning of period / year	4,626,027	2,919,985
Addition from acquisitions	--	499,358
Zakat provision charged during the period / year	1,285,589	4,539,101
Zakat provision paid during the period / year	--	(3,332,417)
Balance of provision at end of period / year – Exhibit A	5,911,616	4,626,027

Dar Al-Balad Business Solutions Company

- The Company has filed its Zakat declarations and financial statements with the Zakat, Tax and Customs Authority (ZATCA) through the end of the year 2024 and has obtained a valid Zakat certificate valid until 30 April 2026 G.
- During the year 2025, the Authority issued a Zakat assessment for the year 2023 G., and the Zakat assessment has been finalized with no Zakat obligations arising against the Company.

Global Specialty Chemical Co.

- The Company has filed its Zakat declarations and financial statements with the Zakat, Tax and Customs Authority (ZATCA) through the end of the year 2024 G. and has obtained a valid Zakat certificate valid until 30 April 2026 G..
- During the year 2024 G., the Authority issued a Zakat assessment for the year 2020 G., resulting in a Zakat liability for the Company amounting to SR.10,488. The amount has been settled and the Zakat assessment finalized.

16- Capital:

The Company's share capital amounted to SR.70 million, divided into 70 million cash shares of equal value. The value of each share was SR.1. All shares are ordinary shares issued for consideration distributed to shareholders as follows:

	Number of Share	Share Value	Paid-up Value
		SR.	SR.
Dar Al Balad Commercial Company	67,200,000	1	67,200,000
Najem Al-Olaya Trading Company	1,400,000	1	1,400,000
Najem Commercial Investment Company	1,400,000	1	1,400,000
Share Capital – Exhibit A	70,000,000		70,000,000

The Extraordinary General Assembly of the Company approved, on 18/4/2025, the request to list the Company's shares on the financial market "Tadawul" and to offer 30% of the Company's capital.

The Ordinary General Assembly also approved the Employee Share Program and the allocation of 1.5% of the Company's shares as treasury shares for this program.

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia
Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
For the Three-Month Period Ended 31 March 2026 G.

17- Statutory Reserve:

In accordance with the Company's Articles of Association, 10% of the annual net income is appropriated to form the statutory reserve. The Company may discontinue this appropriation when the reserve reaches 30% of the share capital. Pursuant to the shareholders' resolution dated 12 February 2025, it was transferred to retained earnings.

18- Revenues:

a) The Company's revenue is derived from providing services of both information systems and technical support for telecommunications and information technology software systems.

	31 March 2026 G. (Unaudited)	31 March 2025 G. (Unaudited)
	SR.	SR.
Managed business services	12,429,543	9,212,599
IT consulting services	29,932,233	24,814,487
Management IT services	37,397,197	36,255,007
Industrial chemical impurity purification services	3,361,944	4,235,090
Industrial maintenance services	298,593	883,959
Industrial supply	906,788	1,157,550
Total – Exhibit B	84,326,298	76,558,692

b) Analysis of revenue by timing of recognition:

	31 March 2026 G. (Unaudited)	31 March 2025 G. (Unaudited)
	SR.	SR.
Sales of goods and spare parts recognized at a point in time	1,205,381	2,041,509
Industrial maintenance services recognized over time	83,120,917	74,517,183
Total – Note (18/a)	84,326,298	76,558,692

19- Cost of Revenues:

The details of this item are as follows:

	31 March 2026 G. (Unaudited)	31 March 2025 G. (Unaudited)
	SR.	SR.
Cost of managed business services	9,916,142	7,479,357
Cost of IT consulting services	23,635,782	19,905,371
Cost of managed IT services	30,524,681	30,138,319
Other costs	–	686,332
Cost of industrial chemical impurity purification services	316,865	592,505
Cost of industrial maintenance services	138,921	805,757
Cost of industrial supply	502,767	703,912
Total – Exhibit B	65,035,158	60,311,553

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia
Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
For the Three-Month Period Ended 31 March 2026 G.

20- General and Administrative Expenses:

The details of this item are as follows:

	31 March 2026 G. (Unaudited)	31 March 2025 G. (Unaudited)
	SR.	SR.
Salaries, wages and related benefits	1,437,540	936,336
Government fees and subscriptions	80,609	50,472
Depreciation of property, plant and equipment	248,982	294,391
Hotel accommodation	14,435	53,737
Withholding tax and value added tax	335,906	145,778
Expenses for expected credit loss	983,323	447,662
Depreciation of right-of-use assets	26,052	38,053
Legal and professional fees	82,500	60,000
Other	298,907	351,002
Total – Exhibit B	3,508,254	2,377,431

21- Basic and Diluted Earnings Per Share:

Earnings per share is calculated by dividing the net profit by the weighted average number of outstanding shares, amounting to 70,000,000 shares. The basic earnings per share is the same as diluted earnings per share, as the Group has no dilutive instruments.

22- Financial Risk Management:

Overview

The Company is exposed to the following risks arising from the use of financial instruments:

- Capital Management Risk.
- Credit Risk.
- Liquidity Risk.
- Market Risk (including currency risk and commission rate risk).

This note shows information on the Company's exposure to the above risks, the Company's objectives, policies and procedures regarding measuring and managing risks, and managing the Company's capital. Additional quantitative disclosures have been included in these financial statements.

Risk Management:

The Board of Directors bears the full responsibility for developing and supervising the Company's risk management frameworks. The Company's risk management policies have been developed to identify and analyze the risks encountered by the Company. Appropriate risk limits and controls have been developed, and risks are monitored and compliance with those limits is ensured. Risk management policies and rules are reviewed regularly to reflect changes in market conditions and the Company's activities.

Capital Management Risk:

The Company aims, in managing capital, to maintain the Company's ability to continue as a going concern, achieving returns to partners and benefits to other stakeholders, and maintaining an optimal capital structure that reduces the cost of capital.

Credit Risk:

Credit risk represents the risk of the Company incurring a financial loss if a customer or other party fails to meet their contractual obligations regarding a financial instrument. It arises primarily from outstanding payments owed by customers.

Financial instruments exposed to credit risk mainly include cash, cash equivalents, and trade receivables.

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia
Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
For the Three-Month Period Ended 31 March 2026 G.

Cash and Cash Equivalents:

Credit risk relating to balances in banks is managed through the Company's finance department in accordance with the Company's policies, as the Company seeks to deal with reputable banks with a good credit rating. The Company's management has not identified any significant impacts arising from the concentration of credit risk relating to balances in banks as at the date of preparation of the financial statements.

Liquidity Risk:

Liquidity risk refers to the risk that the Company may not be able to meet its financial obligations as they fall due. The Company's approach to liquidity risk management is to ensure, as far as reasonably possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or exposing the Company to significant damage that could adversely affect its reputation.

The Company generally aims to maintain adequate cash balances on demand to meet expected operating expenses, including the settlement of financial obligations. This excludes the potential impact of extreme circumstances that cannot be reasonably anticipated, such as natural disasters. In addition, the Company has credit facilities available to finance its working capital requirements.

Management prepares cash flow forecasts and monitors the projected liquidity requirements of the Company to ensure that sufficient liquidity is available to meet its operational needs.

The table below summarizes the Company's financial liabilities based on undiscounted contractual cash flows. The amounts disclosed in the table represent undiscounted contractual cash flows. Amounts due within twelve months approximate their carrying values, as the effect of discounting is not considered to be significant.

31 March 2026 G.				
Description	Carrying amount	Less than one year	From 1 year to 5 years	More than 5 years
	SR.	SR.	SR.	SR.
Accounts payable and other credit balances	8,391,322	8,391,322	--	--
Lease liabilities	545,557	99,271	172,739	273,547
Total	8,936,879	8,490,593	172,739	273,547

31 December 2025 G.				
Description	Carrying amount	Less than one year	From 1 year to 5 years	More than 5 years
	SR.	SR.	SR.	SR.
Accounts payable and other credit balances	18,617,849	18,617,849	--	--
Lease liabilities	581,234	99,271	481,963	--
Total	19,199,083	18,717,120	481,963	--

Market Risk:

Market risk represents the risk arising from changes in market prices, such as foreign exchange rates and commission rates, which may affect the Company's income. The objective of market risk management is to manage and monitor market risk exposures within acceptable limits while maintaining returns.

Currency Risk:

The Company is not exposed to foreign exchange risk resulting from exposure to various currencies, particularly fluctuations in exchange rates of other currencies against the Saudi Riyal. Foreign currency risk primarily arises from commercial transactions. The Company's policy requires management to conduct regular reviews of currency risk exposure. The Company does not have monetary assets and liabilities recorded in foreign currencies. When necessary to carry out a transaction involving foreign currencies or foreign transfers, the Company ensures that the net exposure to associated risks remains within acceptable levels by purchasing and selling foreign currencies at spot rates, when necessary, to offset short-term imbalances.

The currency risk that may arise in relation to the United States Dollar is not considered significant for the Company, as the exchange rate of the US Dollar is pegged against the Saudi Riyal.

Dar Al Balad for Business Solutions Company
A Closed Joint Stock Company
Kingdom of Saudi Arabia
Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
For the Three-Month Period Ended 31 March 2026 G.

Capital Risk:

The Company's objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns to the Company and benefits to other stakeholders, and to maintain a strong capital base to support the ongoing development of its business.

The Company manages its capital structure by monitoring the return on net assets and making adjustments to it in light of changes in economic conditions. The Company also monitors capital using the gearing ratio, which is net debt (trade and other payables, less cash and bank balances). Capital refers to equity as shown in the statement of financial position plus net debt.

The following is the gearing ratio as of 31 March 2026 and 31 December 2025:

	31 March 2026 G. (Unaudited)	31 December 2025 G. (Audited)
	SR.	SR.
Total Liabilities	26,516,956	34,539,773
Less: cash and cash equivalents	9,958,555	28,479,727
Net debit	16,558,401	6,060,046
Capital	70,000,000	70,000,000
Additional paid-in-capital	21,839,626	21,839,626
Retained earnings	102,312,213	78,990,249
Equity	194,151,839	170,829,875
Equity and Net debit	210,710,240	176,889,921
%	7.86%	%3.43

23- Subsequent Events:

Management believes that no significant events have occurred since the end of the financial period that could have a material impact on the Company's financial position as presented in these condensed interim financial statements.

24- Approval of Financial Statements for Issuance:

The Company's interim condensed consolidated financial statements for the period ended 31 March 2026 G. were approved for issuance in accordance with the Board of Directors' resolution dated 17 Dhu Al-Qi'dah 1447H. corresponding to 04 May 2026G.

25- General:

The figures presented in the interim condensed financial statements are rounded to the nearest Saudi Riyal.



Prospectus of Dar AlBalad for Business Solutions Company

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