

**RIYAL FOR INVESTMENT AND  
DEVELOPMENT COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**RIYAL FOR INVESTMENT AND DEVELOPMENT COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

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

---

<b>INDEX</b>	<b>PAGE</b>
Independent auditor's report	2-6
Statement of financial position	7
Statement of profit or loss and other comprehensive income	8
Statement of changes in equity	9
Statement of cash flows	10
Notes to the financial statements	11 – 44

## INDEPENDENT AUDITOR'S REPORT

**To the Shareholders of  
Riyal for Investment and Development Company  
(A Saudi Joint Stock Company)**

### **Opinion**

We have audited the financial statements of Riyal for Investment and Development Company (the "Company") which comprise the statement of financial position as at 31 December 2025, the 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 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 at 31 December 2025, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards, that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing ("ISAs") that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the requirements of International Code of Ethics for Professional Accountants (including International Independence Standards), endorsed in the Kingdom of Saudi Arabia (the "Code"), that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements. 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

*Independent Auditor's Report to the shareholders of Riyal for Investment and Development Company (A Saudi Joint Stock Company) for the year ended 31 December 2025 (Continued)*

**Key Audit Matters (continued)**

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p><b>Residual values of vehicles</b></p> <p>Vehicles included under property and equipment as at 31 December 2025 amounted to ₪ 106.67 million (2024: ₪ 96.41 million) representing 98.03% (2024: 98.82%) of property and equipment. In addition, vehicles included under right of use assets as at 31 December 2025 amounted to ₪ 166.24 million (2024: ₪ 177.65 million), representing 93.08% (2024: 93.45%) of right of use assets.</p> <p>Vehicles are carried at cost, net of accumulated depreciation and impairment losses, if any after considering their residual values.</p> <p>The Company's management reviews and determines the residual values of vehicles for calculating depreciation at least at each financial year end. The determination of residual values requires significant estimates and judgements by considering the factors such as actual sales of used vehicles throughout the year, expected usage of the vehicles, expected physical wear and tear and the expected future value at the time of disposal.</p> <p>Due to the significance of the value of vehicles and the significance of the estimation uncertainty involved in determining the residual values of vehicles, we consider this to be a key audit matter.</p> <p>Refer to notes 3 (a) and 3 (b) to the financial statements for the material accounting policies, note 2.5 for the critical accounting estimates and assumptions and notes 6 and 7 for the related disclosures.</p>	<p>Our audit procedures performed included, among others, the following:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the Company's process to develop the estimate of residual values of vehicles.</li> <li>• Assessed the underlying historical data and accuracy of management estimate by using historical vehicle sales data, agreeing disposal details with the underlying supporting documents to evaluate whether historical results remained consistent with the management's assumptions.</li> <li>• Involved our specialist in assessing the reasonableness and appropriateness of the management's estimated residual value and useful life.</li> <li>• On sample basis, recalculated depreciation of vehicles to check that residual values are correctly reflected in the fixed assets register and depreciation schedule.</li> <li>• Assessed the adequacy and appropriateness of related disclosures made in the accompanying financial statements in accordance with the requirements of relevant IFRS accounting standards, including disclosures of key judgement and estimation uncertainty, noting that no change to residual values was made during the year 2025.</li> </ul>

*Independent Auditor's Report to the shareholders of Riyal for Investment and Development Company (A Saudi Joint Stock Company) for the year ended 31 December 2025 (Continued)*

**Key Audit Matters (continued)**

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p><b>Allowance for expected credit losses on trade receivables</b></p> <p>At 31 December 2025, the Company's gross trade receivables balance amounted to ₪ 43.93 million (2024: ₪ 30.90 million), against which an allowance for expected credit losses (ECL) of ₪ 5.49 million (2024: ₪ 2.67 million) is maintained. The collectability of trade receivables is a key element of the Company's working capital, which is managed on an ongoing basis.</p> <p>The Company assesses at each reporting date whether the trade receivables are impaired. Management applies an expected credit loss ("ECL") model to determine the appropriate allowance of expected credit losses.</p> <p>The determination of allowance for expected credit losses is based on certain assumptions that relate mainly to risk of default and expected loss rates. The Company applies judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the past history, market conditions, as well as forward looking estimates.</p> <p>We have considered this as a key audit matter as the determination of ECL involves significant management estimates and judgement and this may have a material impact on the Company's financial statements.</p> <p>Refer to note 3 (f) to the financial statements for the material accounting policy, note 2.5 for the critical accounting estimates and assumptions and notes 9 and 26 for the related disclosures.</p>	<p>Our audit procedures performed included, among others, the following:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the Company's process used to determine the allowance for expected credit losses on trade receivables.</li> <li>• Involved our specialist in assessing the significant judgements, estimates and assumptions made by the management with reference to the calculation of ECL including the Company's assessment of the probability of default, incorporation of forward-looking information and the loss given default parameter.</li> <li>• Tested the mathematical accuracy of the ECL model.</li> <li>• Assessed the Company's accounting policy for ECL allowance in accordance with the requirements of IFRS 9.</li> <li>• Assessed the adequacy of the disclosures made in the accompanying financial statements in accordance with the requirements of the relevant IFRS accounting standards.</li> </ul>

**Other matter**

The financial statements of the Company for the year ended 31 December 2024, were audited by another auditor who expressed an unmodified opinion on those financial statements dated 26 Ramadan, 1446H (corresponding to 26 March, 2025G).

*Independent Auditor's Report to the shareholders of Riyal for Investment and Development Company (A Saudi Joint Stock Company) for the year ended 31 December 2025 (Continued)*

**Other information**

Management is responsible for the other information in its annual report. The other information comprises the information included in the Company's annual report for the year ended 31 December 2025 but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of the 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 IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA and Regulations for Companies and the Company's By-laws 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, i.e., the Company's Board of Directors, are responsible for overseeing the Company's financial reporting process.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards 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 judgement 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 omission, 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.

*Independent Auditor's Report to the shareholders of Riyal for Investment and Development Company (A Saudi Joint Stock Company) for the year ended 31 December 2025 (Continued)*

**Auditor's responsibilities for the audit of the financial statements (continued)**

- 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.

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

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

**For Dr. Mohamed Al-Amri & Co.**



**Maher T. Al-Khatieb**  
Certified Public Accountant  
Registration No. 514

Dammam, on 14 Shawwal, 1447 (H)  
Corresponding to: 02 April, 2026 (G)

**RIYAL FOR INVESTMENT AND DEVELOPMENT COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**STATEMENT OF FINANCIAL POSITION**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**

(ALL AMOUNTS EXPRESSED IN SAUDI RIYALS ۞ UNLESS OTHERWISE STATED)

	Note	31 December 2025	31 December 2024
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	6	108,806,632	97,562,912
Right-of-use assets	7	178,583,651	190,106,988
<b>Total non-current assets</b>		<b>287,390,283</b>	<b>287,669,900</b>
<b>Current assets</b>			
Inventories	8	8,030,212	7,344,285
Trade receivables	9	38,437,860	28,224,915
Trade and other receivables - related parties	17	3,921,423	8,037,796
Prepayments and other current assets	10	5,363,765	5,766,358
Cash and cash equivalents	11	4,041,549	5,562,576
<b>Total current assets</b>		<b>59,794,809</b>	<b>54,935,930</b>
<b>TOTAL ASSETS</b>		<b>347,185,092</b>	<b>342,605,830</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	12	80,000,000	80,000,000
Statutory reserve	13	7,625,538	7,625,538
Retained earnings		81,292,440	80,001,702
<b>Total equity</b>		<b>168,917,978</b>	<b>167,627,240</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Loans	14	17,308,993	12,316,005
Lease liabilities	7	76,959,284	69,448,869
Employees' benefits obligations	15	5,319,077	4,133,166
<b>Total non-current liabilities</b>		<b>99,587,354</b>	<b>85,898,040</b>
<b>Current liabilities</b>			
Trade payables		3,317,209	3,499,255
Current portion of loans	14	18,612,435	16,648,219
Current portion of lease liabilities	7	49,771,347	63,789,836
Accruals and other current liabilities	16	5,411,667	3,452,897
Accruals and other current liabilities - related parties	17	455,248	85,232
Provision for Zakat	24	1,111,854	1,605,111
<b>Total current liabilities</b>		<b>78,679,760</b>	<b>89,080,550</b>
<b>Total liabilities</b>		<b>178,267,114</b>	<b>174,978,590</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>347,185,092</b>	<b>342,605,830</b>

The accompanying notes from 1 to 32 form an integral part of these financial statements.

  
Chief Executive Officer

  
Chief Financial Officer


  
Chairman

**RIYAL FOR INVESTMENT AND DEVELOPMENT COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**  
(ALL AMOUNTS EXPRESSED IN SAUDI RIYALS ۞ UNLESS OTHERWISE STATED)

	Note	For the year ended	
		31 December 2025	31 December 2024
Revenue	18	143,746,217	139,705,283
Cost of revenue	19	(105,968,724)	(92,366,807)
<b>Gross profit</b>		<b>37,777,493</b>	<b>47,338,476</b>
General and administrative expenses	20	(13,102,155)	(9,972,131)
Selling and marketing expenses	21	(1,966,190)	(2,046,441)
Expected credit loss on trade receivables	9	(2,820,393)	(790,000)
Finance cost	22	(21,494,659)	(23,251,416)
Other income	23	7,517,138	6,132,042
<b>Profit before Zakat</b>		<b>5,911,234</b>	<b>17,410,530</b>
Zakat expense for the year	24	(154,577)	(998,250)
<b>NET PROFIT FOR THE YEAR</b>		<b>5,756,657</b>	<b>16,412,280</b>
<b>Other comprehensive loss</b>			
<i>Items that will not be reclassified to profit or loss in subsequent periods:</i>			
Re-measurement loss on employees' benefits obligations	15	(465,919)	(463,259)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>5,290,738</b>	<b>15,949,021</b>
<b>Earnings per share – basic and diluted</b>	25	<b>0.72</b>	<b>2.05</b>

The accompanying notes from 1 to 32 form an integral part of these financial statements.

  
\_\_\_\_\_  
Chief Executive Officer

  
\_\_\_\_\_  
Chief Financial Officer

  
\_\_\_\_\_  
Chairman

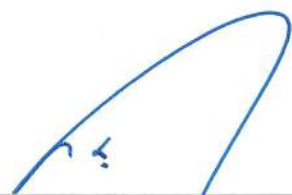
**RIYAL FOR INVESTMENT AND DEVELOPMENT COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

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

(ALL AMOUNTS EXPRESSED IN SAUDI RIYALS  $\text{ﷲ}$  UNLESS OTHERWISE STATED)

	Share capital	Statutory reserve	Retained earnings	Total
Balance as at 1 January 2024	80,000,000	5,984,310	65,693,909	151,678,219
Net profit for the year	-	-	16,412,280	16,412,280
Other comprehensive loss for the year	-	-	(463,259)	(463,259)
Total comprehensive income for the year	-	-	15,949,021	15,949,021
Transfer to statutory reserve (note 13)	-	1,641,228	(1,641,228)	-
<b>Balance at 31 December 2024</b>	<b>80,000,000</b>	<b>7,625,538</b>	<b>80,001,702</b>	<b>167,627,240</b>
Net profit for the year	-	-	5,756,657	5,756,657
Other comprehensive loss for the year	-	-	(465,919)	(465,919)
Total comprehensive income for the year	-	-	5,290,738	5,290,738
Dividend (note 29)	-	-	(4,000,000)	(4,000,000)
<b>Balance at 31 December 2025</b>	<b>80,000,000</b>	<b>7,625,538</b>	<b>81,292,440</b>	<b>168,917,978</b>

The accompanying notes from 1 to 32 form an integral part of these financial statements.



Chief Executive Officer



Chief Financial Officer



Chairman

**RIYAL FOR INVESTMENT AND DEVELOPMENT COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

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

(ALL AMOUNTS EXPRESSED IN SAUDI RIYALS € UNLESS OTHERWISE STATED)

	Note	For the year ended	
		31 December 2025	31 December 2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before zakat		5,911,234	17,410,530
<b>Adjustments</b>			
Depreciation on property and equipment	6	16,575,213	14,905,028
Depreciation on right-of-use assets	7	24,553,670	23,377,860
Expected credit loss on trade receivables	9	2,820,393	790,000
Write down of inventories	8	326,000	200,000
Adjustment of ROU and lease liabilities		(351,530)	-
Provision for employees' benefits obligations	15	902,459	640,228
Finance cost	22	21,494,659	23,251,416
		<b>72,232,098</b>	<b>80,575,062</b>
<b>Movement in working capital</b>			
Inventories		40,094,169	31,874,409
Registration charges for lease vehicles		(559,203)	-
Additions to vehicles held for lease		(18,250,013)	(20,579,091)
Trade receivables		(13,033,338)	(2,677,716)
Trade and other receivables - related parties		4,116,373	4,423,089
Prepayments and other current assets		402,593	5,287,195
Trade payables		(182,046)	(302,973)
Accruals and other current liabilities		1,792,317	(1,228,805)
Accruals and other current liabilities - related parties		370,016	(6,796)
<b>Cash generated from operations</b>		<b>86,982,966</b>	<b>97,364,374</b>
Finance cost paid		(437,076)	(774,923)
Employees' benefits obligations paid	15	(182,467)	(175,039)
Zakat paid	24	(647,834)	(1,233,495)
<b>Net cash generated from operating activities</b>		<b>85,715,589</b>	<b>95,180,917</b>
<b>CASH FLOWS FROM INVESTING ACTIVITY</b>			
Purchase of property and equipment (excluding vehicles)	6	(1,451,594)	(771,243)
<b>Net cash used in investing activity</b>		<b>(1,451,594)</b>	<b>(771,243)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from loans	14	28,560,814	17,628,062
Repayment of loans	14	(25,145,149)	(30,775,373)
Payment of lease liabilities	7	(85,200,687)	(81,261,780)
Dividend paid	29	(4,000,000)	-
<b>Net cash used in financing activities</b>		<b>(85,785,022)</b>	<b>(94,409,091)</b>
<b>Net change in cash and cash equivalents</b>		<b>(1,521,027)</b>	<b>583</b>
Cash and cash equivalents at the beginning of the year		5,562,576	5,561,993
<b>Cash and cash equivalents at the end of the year</b>	11	<b>4,041,549</b>	<b>5,562,576</b>
Non-cash transactions are disclosed in note 31			

The accompanying notes from 1 to 32 form an integral part of these financial statements.

Chief Executive Officer

Chief Financial Officer

Chairman

**RIYAL FOR INVESTMENT AND DEVELOPMENT COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

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

(ALL AMOUNTS EXPRESSED IN SAUDI RIYALS ﷲ UNLESS OTHERWISE STATED)

---

**1. ORGANIZATION AND PRINCIPAL ACTIVITIES**

Riyal for Investment and Development Company (the "Company") is a Saudi Joint Stock Company registered on 17 Shaban 1413H (corresponding to 9 February 1993G) under commercial registration number 2050024818. The share capital of the Company is ﷲ 80 million divided into 8 million shares of ﷲ 10 each. The registered office of the Company is located in Al Kuthriah Dist.-Unit No.55, Dammam 32436-2760, Kingdom of Saudi Arabia.

The principal activities of the Company are leasing of vehicles and buses, trading activities (export, import, brokerage, and marketing for others) in non-money exchange business, establish and operate workshops for vehicles, equipment, wholesale and retail sales and export and import in vehicles spare parts and wheels.

The shareholders of the Company passed a resolution on 18 March 2022 to convert legal status of the Company from a limited liability Company to a closed joint stock Company. The Ministry of Commerce issued a letter dated 8 Dhul Al-Qadah 1443H (corresponding to 07 June 2022) providing approval for conversion of legal status of the Company to a closed joint stock Company and the change is reflected on Company's commercial registration number 2050024818. The management obtained approval for the listing of the Company's shares in Nomu (Parallel Market) on 16 Dhul Al-Qadah 1444H (corresponding to 5 June 2023).

The Company operates through the following branches:

<u>Name</u>	<u>City</u>	<u>CR number</u>	<u>CR Date (Hijri)</u>
Riyal for Investment and Development Branch	Dammam	2050050531	07/03/1427-H
Riyal for Investment and Development Branch	Dammam	2050067684	27/11/1430-H
Riyal for Investment and Development Branch	Dammam	2050056938	18/10/1428-H
Riyal for Investment and Development Branch	Jubail	2055161957	20/08/1446-H

The assets, liabilities and financial results of the above branches are included in these financial statements.

**2. BASIS OF PREPARATION**

**2.1. Statement of compliance**

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

**2.2. Basis of measurement**

These financial statements have been prepared using the accrual basis of accounting under the historical cost basis, except for certain employees' benefits obligations which are measured at present value using Projected Unit Credit Method (PUCM).

**2.3. Functional and presentation currency**

These financial statements are presented in Saudi Riyals (ﷲ), which is the functional and presentation currency of the Company. All the amounts have been rounded to the nearest Saudi Riyals (ﷲ) unless otherwise stated.

**2.4. Financial year**

The Company's financial year begins on 01 January and ends on 31 December each year.

**RIYAL FOR INVESTMENT AND DEVELOPMENT COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

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

(ALL AMOUNTS EXPRESSED IN SAUDI RIYALS ﷲ UNLESS OTHERWISE STATED)

---

**2. BASIS OF PREPARATION (CONTINUED)**

**2.5. Use of estimates, assumptions and judgements**

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or the liability affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

**Estimates and assumptions**

**Going concern and net current liability position**

The Company's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. As at 31 December 2025, current liabilities of the Company exceeded its current assets by ﷲ 18.88 million (2024: ﷲ 34.14 million). This is due to the business model of the Company. The Company is making profits and also have history of profits. Management of the Company has prepared the forecasted cash flows for the next year where it has enough funds to settle its liabilities as and when they fall due. Accordingly, the financial statements have been prepared on going concern basis.

**Allowance for expected credit losses (ECL)**

The Company uses a provision matrix to calculate ECL for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by customer type and rating, and coverage by letters of credit and other forms of credit insurance). The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The information about the ECLs on the Company's trade receivables is disclosed in note 9 and note 26 (b).

**Employees' benefits obligations**

The cost of the defined benefit plans is determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, withdrawal before normal retirement age, future salary increases etc. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. Any changes in these assumptions will impact the carrying amount of the obligation. All assumptions are reviewed at each reporting date. The sensitivity of the assumptions is detailed in the relevant note 15 to these financial statements.

**RIYAL FOR INVESTMENT AND DEVELOPMENT COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

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

(ALL AMOUNTS EXPRESSED IN SAUDI RIYALS ﷲ UNLESS OTHERWISE STATED)

---

**2. BASIS OF PREPARATION (CONTINUED)**

**2.5. Use of estimates, assumptions and judgements (continued)**

**Estimates and assumptions (continued)**

**Residual values of vehicles**

Management determines the estimated residual value of vehicles for calculating depreciation. This estimate is determined after considering actual sales of used vehicles throughout the year, expected usage of the vehicles, expected physical wear and tear and the expected future value at the time of disposal.

The residual values of vehicles shall be reviewed annually and, if expectations differ from previous estimates, the change shall be accounted for as a change in an accounting estimate in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

**Zakat**

The Company is subject to Zakat in accordance with the Zakat, Tax and Custom authority (“ZATCA”) regulations. Uncertainties exist with respect to the interpretation of Zakat regulations and the amount and timing of future Zakat base. Given the wide range of business relationships and nature of the existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to Zakat base and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of finalization of Zakat assessments. The amount of such provisions is based on various factors, such as experience of previous Zakat assessments and differing interpretations of Zakat regulations by the Company and ZATCA. Where the final Zakat outcome of these matters is different from the amounts that were initially recognized, such differences will impact the Zakat expense and liability in the period in which such determination is made.

**Judgements**

**Determining the lease term of contracts with renewal and terminations options**

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has several lease contracts that include extension and termination clauses. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change. In the circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate the contract.

**Lease classification- Company as a lessor**

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not substantially transfer all the risks and rewards incidental to ownership of an underlying asset. Keeping in view the business model of the Company, the Company has determined that leasing of vehicles does not substantially transfer all the risks and rewards incidental to ownership of the vehicles subject to the lease arrangement, hence such lease arrangements are classified as an operating lease.

**RIYAL FOR INVESTMENT AND DEVELOPMENT COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

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

(ALL AMOUNTS EXPRESSED IN SAUDI RIYALS ﷲ UNLESS OTHERWISE STATED)

---

**2. BASIS OF PREPARATION (CONTINUED)**

**2.5. Use of estimates, assumptions and judgements (continued)**

**Judgements (continued)**

**Leases - estimating the incremental borrowing rate**

***Vehicles***

The Company measures its lease liabilities by discounting future lease payments using the interest rate stated in the lease agreement at the commencement of the lease. This rate is applied to determine the present value of the lease payments and recognize the corresponding lease liability.

***Property***

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR, therefore, reflects what the Company ‘would have to pay’, which requires estimation when observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

**3. MATERIAL ACCOUNTING POLICIES**

**a) Property and equipment**

**Recognition and measurement**

Property and equipment are stated at historical cost less accumulated depreciation and impairment losses, if any, except capital work in progress and land which are stated at cost less impairment if any. Historical cost includes expenditure that is directly attributable to the acquisition of the assets including borrowing costs. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use.

Where major components of an asset of property and equipment have different useful lives, they are accounted for as separate items of property and equipment. The Company uses vehicles held for lease for revenue generating activity and the related revenue is included in lease rental income as disclosed in note 18.

**Subsequent costs**

Subsequent costs are included in the asset’s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the period in which they are incurred.

**Derecognition**

An item of property and equipment is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within other income in the statement of profit or loss and other comprehensive income other than vehicles transferred to inventories as “vehicles held for sale”.

**Depreciation**

Depreciation represents the systematic allocation of the depreciable amount of an asset over its estimated useful life. Depreciable amount represents cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognised in the statement of profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment. Depreciation methods, useful lives and residual values are reviewed annually and adjusted, if appropriate.

**RIYAL FOR INVESTMENT AND DEVELOPMENT COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

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

(ALL AMOUNTS EXPRESSED IN SAUDI RIYALS ﷲ UNLESS OTHERWISE STATED)

**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**a) Property and equipment (continued)**

**Depreciation (continued)**

<b><u>Category</u></b>	<b><u>Useful Life</u></b>
Leasehold improvements	5 years or lease term whichever is shorter
Furniture and fixtures	5 years
Tools and equipment	5 years
Vehicles held for lease	5 years

**Capital work-in-progress**

Capital work in progress includes certain assets that have been acquired but are not ready for their intended use. These assets are transferred to relevant assets categories and are depreciated once they are available for their intended use.

**b) Leases**

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**Company-as a lessee**

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

*Right-of-use assets*

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of initial measurement of lease liabilities, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and restoration cost, if significant.

Depreciation is calculated on a straight-line basis over the lower of estimated useful lives of the assets or lease period as follows:

<b><u>Category</u></b>	<b><u>Useful life</u></b>
Vehicles	5 years
Property	5-19 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Right-of-use assets are recognised and presented separately in the statement of financial position.

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

(ALL AMOUNTS EXPRESSED IN SAUDI RIYALS ﷲ UNLESS OTHERWISE STATED)

---

**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**b) Leases (continued)**

*Lease liabilities*

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

**Company-as a lessor**

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease. The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of “revenue”.

**Short-term leases and leases of low-value assets**

The Company applies the short-term lease recognition exemption to its short-term leases of property (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to the leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

**Incremental borrowing rate**

In case of vehicles, the Company measures its lease liabilities by discounting future lease payments using the interest rate stated in the lease agreement at the commencement (inception) of the lease. This rate is applied to determine the present value of the lease payments and recognize the corresponding lease liability.

In case of property, the Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company ‘would have to pay’, which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

**RIYAL FOR INVESTMENT AND DEVELOPMENT COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

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

(ALL AMOUNTS EXPRESSED IN SAUDI RIYALS ﷲ UNLESS OTHERWISE STATED)

---

**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**c) Current versus non-current assets and liabilities classification**

The Company presents assets and liabilities in the statement of financial position based on current / non-current classification. An asset is current when it is:

- Expected to be realised or intended to sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent 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.

A liability is current when:

- it expects to settle the liability in its normal operating cycle
- it holds the liability primarily for the purpose of trading
- the liability is due to be settled within twelve months after the reporting period, or
- it does not have right at the end of the period to defer settlement of the liability for at least twelve months after the reporting date.

The Company classifies all other liabilities as non-current.

**d) Inventories**

Inventories represent vehicles for sale, spare parts, and other supplies. The cost of spare parts and supplies is based on weighted average principle.

Vehicles for sale that were previously held as part of property and equipment for lease and rental arrangements are transferred to inventories at their carrying amount when they cease to be held for lease and rental purposes and become held for sale in the ordinary course of business and costs are included in the cost of vehicle inventories only to the extent that they are incurred in bringing the vehicles to their present location and condition necessary to make the sale.

Inventories are measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated completion and selling expenses.

**e) Impairment of non-financial assets**

At the end of each reporting period, the Company reviews the carrying amounts of its non-current assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Company of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

(ALL AMOUNTS EXPRESSED IN SAUDI RIYALS ﷲ UNLESS OTHERWISE STATED)

---

**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**e) Impairment of non-financial assets (continued)**

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of profit or loss and other comprehensive income. When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years.

A reversal of an impairment loss is recognized immediately in statement of profit or loss and other comprehensive income.

**f) Financial instruments**

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

***Recognition and initial measurement***

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

**Financial assets:** On initial recognition, a financial asset is classified as measured at: amortized cost; fair value through OCI ("FVOCI"); or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Company classifies its financial assets as those to be measured subsequently at amortized cost if they meet the following criteria:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets at amortised cost includes trade receivables, other receivables and cash and cash equivalents shown in current assets.

**RIYAL FOR INVESTMENT AND DEVELOPMENT COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

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

(ALL AMOUNTS EXPRESSED IN SAUDI RIYALS ﷲ UNLESS OTHERWISE STATED)

---

**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**f) Financial instruments (continued)**

*Recognition and initial measurement (continued)*

**Financial assets (continued)**

An equity instrument is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

The Company does not have financial assets at FVOCI.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The Company does not have financial assets at FVTPL.

**Financial assets - Business model and assessment**

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

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Company's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

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

(ALL AMOUNTS EXPRESSED IN SAUDI RIYALS ﷲ UNLESS OTHERWISE STATED)

---

**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**f) Financial instruments (continued)**

**Financial assets (continued)**

**Recognition and initial measurement (continued)**

**Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest**

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

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

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g., non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

**Financial assets - Subsequent measurement and gains and losses**

**Financial assets at FVTPL:** These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in statement of profit or loss and other comprehensive income.

**Financial assets at amortized cost:** These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in statement of profit or loss and other comprehensive income. Any gain or loss on derecognition is recognized in the statement of profit or loss and other comprehensive income.

**Equity investments at FVOCI:** These assets are subsequently measured at fair value. Dividends are recognized as income in the statement of profit or loss and other comprehensive income unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

**Financial liabilities - Classification, subsequent measurement and gains and losses**

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the statement of profit or loss and other comprehensive income. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the statement of profit or loss and other comprehensive income.

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

(ALL AMOUNTS EXPRESSED IN SAUDI RIYALS ﷲ UNLESS OTHERWISE STATED)

---

**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**f) Financial instruments (continued)**

***Derecognition***

***Financial assets***

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expires, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

***Financial liabilities***

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in the statement of profit or loss and other comprehensive income.

***Offsetting***

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

**Impairment of financial assets**

The Company recognizes a loss allowance for expected credit losses (“ECL”) for financial assets measured at amortized cost. The ECL is recognized either for lifetime or for 12 months. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of based on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Especially the following indicators are incorporated:

- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the customer’s ability to meet its obligations;
- Macroeconomic information (such as market interest rates or growth rates);
- Past due information adjusted for future information.

The Company has adopted the simplified approach as allowed by IFRS 9 and measures the loss allowance at an amount equal to lifetime expected credit losses for all trade receivables that result from contracts with the customers.

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

(ALL AMOUNTS EXPRESSED IN SAUDI RIYALS ﷲ UNLESS OTHERWISE STATED)

---

**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**f) Financial instruments (continued)**

**Impairment of financial assets (continued)**

The Company determines the expected credit losses on trade receivables by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred.

Objective evidence that financial assets are impaired can include significant financial difficulty, default or delinquency of the counterparty, restructuring of amounts due on terms that the Company would not otherwise consider, indications that a customer will enter bankruptcy, or other observable data relating to customers such as adverse changes in the economic conditions that correlate with defaults by the customers.

The Company considers evidence of impairment at both a specific asset and collective level. All individually significant financial instruments found not to be specifically impaired are then collectively (with similar risk characteristics) assessed for any impairment that has been incurred but not yet identified. Impairment losses for a financial instrument are recognized in the statement of profit or loss and other comprehensive income and reflected in impairment for credit losses. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

When an asset is uncollectible, it is written-off against the related provision. Such assets are written-off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off reduce the amount of the expense in the statement of profit or loss and other comprehensive income. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed by adjusting the provision. The amount of the reversal is recognized in the statement of profit or loss and other comprehensive income.

**g) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, cash with banks and other short-term highly liquid investment, if any, with original maturities of three months or less, which are available to the Company without any restrictions.

Cash and cash equivalents not readily available for use by the Company on account of any restrictions are excluded from cash and cash equivalents for the purpose of the statement of cash flows.

**h) Employee benefits**

**Defined benefit plans**

The Company's obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods; that benefit is discounted to determine its present value. The calculation of defined benefit obligations is performed annually by an independent qualified actuary using the Projected Unit Credit Method. Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses are recognised immediately in other comprehensive income. The Company determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in the statement of profit or loss and other comprehensive income.

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

(ALL AMOUNTS EXPRESSED IN SAUDI RIYALS ﷲ UNLESS OTHERWISE STATED)

---

**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**h) Employee benefits (continued)**

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in the statement of profit or loss and other comprehensive income. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

*Termination benefits*

Termination benefits are recognized as an expense when the Company is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

*Short-term employee benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

**i) Provisions and contingencies**

**Provisions**

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss and other comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a discount rate that reflects, when 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.

**Contingencies**

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

**j) Share capital**

Share capital is recognized when equity instruments are issued and the Company receives consideration. It is recorded on the transaction date. Equity instruments are measured at the fair value of consideration received in cash or the fair value of assets received. Incremental costs directly attributable to issuing equity instruments are deducted directly from equity.

**RIYAL FOR INVESTMENT AND DEVELOPMENT COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

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

(ALL AMOUNTS EXPRESSED IN SAUDI RIYALS ﷲ UNLESS OTHERWISE STATED)

---

**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**k) Revenue recognition**

The Company recognizes two types of revenue: (i) vehicles lease arrangements; and (ii) revenue from sale of used vehicles.

*Vehicle lease arrangements - the Company as a lessor*

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss and other comprehensive income due to its operating nature. Refer notes (3(a), 3(b), 5,6,7 and 18)

*Sale of used vehicles*

Revenue from the sale of vehicles is recognised at the point in time when control of the vehicles is transferred to the customers, generally on delivery of the vehicles. The Company's revenue from sale of vehicles includes only one performance obligation, and there is no variable consideration and financing component involved. Refer note (3 (d), 5,8 and 18)

**l) Expenses**

All expenses, excluding direct costs, selling and marketing expenses and finance cost are classified as general and administrative expenses. Allocations of common expenses between direct costs and general and administrative expenses, when required, are made on a consistent basis.

**m) Finance cost**

Finance cost comprise interest expense on short term borrowings, bank and other charges that are recognized in the statement of profit or loss and other comprehensive income. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in the statement of profit or loss and other comprehensive income using the effective interest method.

**n) Zakat and tax**

**Zakat**

The Company is subject to Zakat in accordance with the regulations of the Zakat, Tax and Customs Authority ("ZATCA"). Zakat when applicable is accrued and charged to statement of profit or loss and other comprehensive income. Additional Zakat liability, if any, arising from assessments related to prior years are accounted for in the period in which the final assessments are issued.

**Value Added Tax (VAT)**

Assets and expenses are recognized net of amount of VAT, except that when VAT incurred on a purchase of assets or services is not recoverable from the tax authority, in which case, VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable. The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

**Withholding taxes**

The Company withholds tax on certain transactions with non-resident parties in the Kingdom of Saudi Arabia as required by the Saudi Income Tax Law.

**o) Dividends**

Dividends are recognized as liabilities in the period in which these are approved by the shareholders of the Company. Interim dividends are approved by the Board of Directors in accordance with the authority given by the General Assembly of the Company.

**RIYAL FOR INVESTMENT AND DEVELOPMENT COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

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

(ALL AMOUNTS EXPRESSED IN SAUDI RIYALS ﷲ UNLESS OTHERWISE STATED)

**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**p) Earnings per share**

The Company presents basic and diluted earnings per share information for the ordinary shares. Basic earnings per share is calculated by dividing the Company's profit or loss for the year by the weighted average number of the outstanding ordinary shares held during the period. Diluted earnings per share is calculated by adjusting the Company's profit or loss for the year and the weighted average number of outstanding ordinary shares for the effects of all diluted potential ordinary shares.

**q) Segment reporting**

An operating segment is a component of the Company that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Company's other components. All operating segments' operating results are reviewed regularly by the Company's Chief Operating Decision Makers ("CODM") to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

The Company's Chief Executive Officer and Board of Directors are considered to be the chief operating decision makers. Segment results that are reported to the Company's Chief Operating Decision Makers include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. As the operations of the Company are conducted in the Kingdom of Saudi Arabia, accordingly, for management purposes, the Company is organized into business units based on its products and services

**4. NEW STANDARDS INTERPRETATIONS AND AMENDMENTS**

The following new accounting standards, interpretations and amendments to existing standards have been published by International Accounting Standards Board (IASB) and are mandatory for the accounting period beginning on 01 January 2025 or later.

**4-1 New standards, interpretations and amendments effective from 01 January 2025**

The amendment to the standard listed below, is effective this year but does not have a material effect on the Company's financial statements.

<b>Amendments to standard</b>	<b>Description</b>	<b>Effective for annual years beginning on or after</b>
IAS 21	Amendments - Lack of Exchangeability	01 January 2025

**4-2 New standards, interpretations and amendments issued but not yet effective**

The Company has not early applied the following new and revised IFRSs and amendments that have been issued but are not yet effective.

<b>Amendments to standard</b>	<b>Description</b>	<b>Effective for annual years beginning on or after</b>
IFRS 9 & IFRS 7	Amendments - Classification and Measurement of Financial Instruments	01 January 2026
IFRS 18	Presentation and Disclosure in Financial Statements	01 January 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	01 January 2027

Management anticipates that these new interpretations and amendments will be adopted in the Company's financial statements as and when they are applicable.

**RIYAL FOR INVESTMENT AND DEVELOPMENT COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

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

(ALL AMOUNTS EXPRESSED IN SAUDI RIYALS ﷲ UNLESS OTHERWISE STATED)

**5. SEGMENT INFORMATION**

**Operating segments**

The Chief Executive Officer and Board of Directors monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on income and is measured consistently in the financial statements.

For segment reporting purposes, the Company is organized into business units based on its products and services and has the following reportable segments:

- a) **Lease of vehicles** - This segment represents vehicles leased/rented out to customers under medium to long-term rental arrangements.
- b) **Sale of used vehicles** - This segment represents sales of used vehicles which have completed their rental term as per management policy.

The selected information for each operating segment for the year ended 31 December 2025 and 31 December 2024 is as follows:

	<b>Lease of vehicles</b>	<b>Sale of used vehicles</b>	<b>Total</b>
<b>For the year ended 31 December 2025</b>			
<b>Revenue</b>	<b>107,451,215</b>	<b>36,295,002</b>	<b>143,746,217</b>
<b>Cost of revenue</b>	<b>(67,919,933)</b>	<b>(38,048,791)</b>	<b>(105,968,724)</b>
<b>Gross profit</b>	<b>39,531,282</b>	<b>(1,753,789)</b>	<b>37,777,493</b>
<i>Unallocated income / (expenses)</i>			
<b>General and administrative expenses</b>			<b>(13,102,155)</b>
<b>Selling and marketing expenses</b>			<b>(1,966,190)</b>
<b>Expected credit loss on trade receivables</b>			<b>(2,820,393)</b>
<b>Finance cost</b>			<b>(21,494,659)</b>
<b>Other income</b>			<b>7,517,138</b>
<b>Profit before zakat</b>			<b>5,911,234</b>
<b>Zakat expense for the year</b>			<b>(154,577)</b>
<b>Net profit for the year</b>			<b>5,756,657</b>
<b>As at 31 December 2025</b>			
<b>Total assets</b>			<b>347,185,092</b>
<b>Total liabilities</b>			<b>178,267,114</b>
<b>Capital expenditures</b>			<b>19,701,607</b>

**RIYAL FOR INVESTMENT AND DEVELOPMENT COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

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

(ALL AMOUNTS EXPRESSED IN SAUDI RIYALS ﷲ UNLESS OTHERWISE STATED)

**5. SEGMENT INFORMATION (CONTINUED)**

**Operating segments(continued)**

	<b>Lease of vehicles</b>	<b>Sale of used vehicles</b>	<b>Total</b>
For the year ended 31 December 2024			
Revenue	108,752,871	30,952,412	139,705,283
Cost of revenue	(62,401,103)	(29,965,704)	(92,366,807)
Gross profit	46,351,768	986,708	47,338,476
<i>Unallocated income / (expenses)</i>			
General and administration expenses			(9,972,131)
Selling and marketing expenses			(2,046,441)
Expected credit loss on trade receivables			(790,000)
Finance cost			(23,251,416)
Other income			6,132,042
Profit before zakat			17,410,530
Zakat expense for the year			(998,250)
Net profit for the year			<u>16,412,280</u>
As at 31 December 2024			
Total assets			342,605,830
Total liabilities			174,978,590
Capital expenditures			21,350,334

**Geographical segments**

All of the Company's operating assets and principal markets of activity are located in the Kingdom of Saudi Arabia. Segment profit represents the profit earned by each segment without allocation of central administration costs including directors' salaries, zakat, non-operating gains and losses and finance costs as the underlying instruments are managed on a Company basis. Assets and liabilities are also not allocated to segments as these are also managed on a Company basis. This is the measure reported to the Company's executives for the purpose of resource allocation and assessment of segment performance.

**RIYAL FOR INVESTMENT AND DEVELOPMENT COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

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

(ALL AMOUNTS EXPRESSED IN SAUDI RIYALS ﷲ UNLESS OTHERWISE STATED)

**6. PROPERTY AND EQUIPMENT**

	<b>Leasehold improvements</b>	<b>Furniture and fixture</b>	<b>Tools and equipment</b>	<b>Vehicles held for lease</b>	<b>Capital work in progress*</b>	<b>Total</b>
<b>Cost</b>						
As at 1 January 2024	357,500	1,737,007	844,545	149,078,407	-	152,017,459
Additions	373,606	283,007	114,630	20,579,091	-	21,350,334
Transfers from right of use assets	-	-	-	27,066,328	-	27,066,328
Transfer to inventories	-	-	-	(55,085,572)	-	(55,085,572)
<b>As at 31 December 2024</b>	<b>731,106</b>	<b>2,020,014</b>	<b>959,175</b>	<b>141,638,254</b>	<b>-</b>	<b>145,348,549</b>
<b>Additions</b>	<b>71,176</b>	<b>476,668</b>	<b>17,155</b>	<b>18,250,013</b>	<b>886,595</b>	<b>19,701,607</b>
<b>Transfers related to right of use assets, net</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>75,715,835</b>	<b>-</b>	<b>75,715,835</b>
<b>Transfer related to inventories, net</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(72,618,096)</b>	<b>-</b>	<b>(72,618,096)</b>
<b>As at 31 December 2025</b>	<b>802,282</b>	<b>2,496,682</b>	<b>976,330</b>	<b>162,986,006</b>	<b>886,595</b>	<b>168,147,895</b>
<b>Accumulated depreciation</b>						
Balance at 1 January 2024	357,500	1,251,124	589,404	46,491,119	-	48,689,147
Charge for the year	-	236,034	123,558	14,545,436	-	14,905,028
Transfers from right of use assets	-	-	-	9,723,193	-	9,723,193
Transfer to inventories	-	-	-	(25,531,731)	-	(25,531,731)
<b>As at 31 December 2024</b>	<b>357,500</b>	<b>1,487,158</b>	<b>712,962</b>	<b>45,228,017</b>	<b>-</b>	<b>47,785,637</b>
<b>Charge for the year</b>	<b>153,339</b>	<b>203,437</b>	<b>107,856</b>	<b>16,110,581</b>	<b>-</b>	<b>16,575,213</b>
<b>Transfers related to right of use assets, net</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>26,492,413</b>	<b>-</b>	<b>26,492,413</b>
<b>Transfers related to inventories, net</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(31,512,000)</b>	<b>-</b>	<b>(31,512,000)</b>
<b>As at 31 December 2025</b>	<b>510,839</b>	<b>1,690,595</b>	<b>820,818</b>	<b>56,319,011</b>	<b>-</b>	<b>59,341,263</b>
<b>Net book value as at</b>						
<b>31 December 2025</b>	<b>291,443</b>	<b>806,087</b>	<b>155,512</b>	<b>106,666,995</b>	<b>886,595</b>	<b>108,806,632</b>
31 December 2024	<b>373,606</b>	<b>532,856</b>	<b>246,213</b>	<b>96,410,237</b>	<b>-</b>	<b>97,562,912</b>

\*Capital work in progress represents leasehold improvement work which is expected to be completed in Q2 2026.  
Allocation of depreciation charge is as follows:

	<b>For the year ended</b>	
	<b>31 December 2025</b>	<b>31 December 2024</b>
Cost of revenue (note 19)	<b>16,110,581</b>	14,545,436
General and administrative expenses (note 20)	<b>464,632</b>	359,592
	<b>16,575,213</b>	14,905,028

**RIYAL FOR INVESTMENT AND DEVELOPMENT COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

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

(ALL AMOUNTS EXPRESSED IN SAUDI RIYALS ﷲ UNLESS OTHERWISE STATED)

**7. RIGHT OF USE ASSETS AND LEASE LIABILITIES**

**a) Company as a lessee**

The Company leases vehicles and buses, with lease terms ranging from 2 to 4 years and an ownership of the vehicle will be transferred to the Company at the end of the lease period. Additionally, the Company holds leasehold lands and buildings with lease terms varying between 2 and 19 years.

The Company also leases parking plots with terms of 12 months or less and applies the 'short-term lease' recognition exemptions to these leases.

**Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:**

	<u>Lease vehicles</u>	<u>Property</u>	<u>Total</u>
Balance as at 1 January 2024	177,424,175	12,881,190	190,305,365
Additions	41,847,136	378,692	42,225,828
Transfer to inventories	(1,703,210)	-	(1,703,210)
Transfer to property and equipment	(17,343,135)	-	(17,343,135)
Depreciation (note 19)	(22,579,185)	(798,675)	(23,377,860)
<b>Balance as at 31 December 2024</b>	<b>177,645,781</b>	<b>12,461,207</b>	<b>190,106,988</b>
<b>Additions</b>	<b>61,595,560</b>	<b>865,084</b>	<b>62,460,644</b>
<b>Transfers to property and equipment' net</b>	<b>(49,223,422)</b>	<b>-</b>	<b>(49,223,422)</b>
<b>Depreciation (note 19)</b>	<b>(23,568,921)</b>	<b>(984,749)</b>	<b>(24,553,670)</b>
<b>Adjustments</b>	<b>(206,889)</b>	<b>-</b>	<b>(206,889)</b>
<b>Balance as at 31 December 2025</b>	<b>166,242,109</b>	<b>12,341,542</b>	<b>178,583,651</b>

**Set out below are the carrying amounts of lease liabilities and the movement during the year:**

	<u>Lease vehicles</u>	<u>Property</u>	<u>Total</u>
Balance as at 1 January 2024	139,808,649	13,423,039	153,231,688
Additions	41,847,136	378,692	42,225,828
Payments	(79,661,780)	(1,600,000)	(81,261,780)
Finance cost (note 22)	17,704,060	1,338,909	19,042,969
<b>Balance as at 31 December 2024</b>	<b>119,698,065</b>	<b>13,540,640</b>	<b>133,238,705</b>
<b>Additions</b>	<b>61,036,357</b>	<b>865,084</b>	<b>61,901,441</b>
<b>Payments</b>	<b>(83,371,261)</b>	<b>(1,829,426)</b>	<b>(85,200,687)</b>
<b>Finance cost (note 22)</b>	<b>16,005,055</b>	<b>1,344,536</b>	<b>17,349,591</b>
<b>Adjustments</b>	<b>(517,950)</b>	<b>(40,469)</b>	<b>(558,419)</b>
<b>Balance as at 31 December 2025</b>	<b>112,850,266</b>	<b>13,880,365</b>	<b>126,730,631</b>

**RIYAL FOR INVESTMENT AND DEVELOPMENT COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

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

(ALL AMOUNTS EXPRESSED IN SAUDI RIYALS ﷲ UNLESS OTHERWISE STATED)

**7. RIGHT OF USE ASSETS AND LEASES LIABILITIES (CONTINUED)**

**a) Company as a lessee (continued)**

Presented in the statement of financial position as:

	<b>31 December 2025</b>	31 December 2024
Current	<b>49,771,347</b>	63,789,836
Non – current	<b>76,959,284</b>	69,448,869
	<b>126,730,631</b>	133,238,705

The maturity analysis of lease liabilities is disclosed in Note 26.

**Following are the amounts recognised in the statement of profit or loss and other comprehensive income:**

	<b>For the year ended</b>	
	<b>31 December 2025</b>	31 December 2024
Depreciation expense of right-of-use assets (note 19)	<b>24,553,670</b>	23,377,860
Interest expense on lease liabilities (note 22)	<b>17,349,591</b>	19,042,969
Expense relating to short term rent contracts (note 20)	<b>232,877</b>	351,000
	<b>42,136,138</b>	42,771,829

During the year, the Company had total cash outflows for leases of ﷲ **85,200,687** (2024: ﷲ 81,261,780).

**b) Company as a lessor**

The Company leases out its vehicles consisting of its owned vehicles as well as leased vehicles. All leases are classified as operating leases from a lessor perspective.

*Operating lease*

The Company enters into leases of its fleet of vehicles. The commercial and non-commercial vehicle leases typically have lease terms of between 1 and 4 years. Leases contain options to cancel before the end of the lease term in exchange of additional penalty payments. Future minimum rentals receivable under non-cancellable operating leases as at the reporting date are, as follows:

	<b>31 December 2025</b>	31 December 2024
Within one year	<b>77,497,729</b>	81,472,268
One to two years	<b>52,157,264</b>	51,987,893
Two to three years	<b>28,459,479</b>	29,812,695
Three to four years	<b>9,926,004</b>	8,565,850
Four to five years	<b>2,276,477</b>	-
More than five years	<b>4,580</b>	-
Total undiscounted lease receivables	<b>170,321,533</b>	171,838,706

Rental revenue recognized by the Company during the year was ﷲ **107,451,215** (2024: ﷲ 108,752,871).

**RIYAL FOR INVESTMENT AND DEVELOPMENT COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

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

(ALL AMOUNTS EXPRESSED IN SAUDI RIYALS ﷲ UNLESS OTHERWISE STATED)

**8. INVENTORIES**

	<b>31 December 2025</b>	31 December 2024
Used vehicles held for sale	<b>7,609,153</b>	7,163,203
Spare parts and supplies	<b>421,059</b>	181,082
	<b>8,030,212</b>	7,344,285

During the year ended 31 December 2025, the inventories wrote down amounted to ﷲ 326,000 (31 December 2024: ﷲ 200,000) which has been charged to the cost of revenue.

**9. TRADE RECEIVABLES**

	<b>31 December 2025</b>	31 December 2024
Trade receivables	<b>43,928,710</b>	30,895,372
Expected credit loss (ECL) on trade receivables	<b>(5,490,850)</b>	(2,670,457)
	<b>38,437,860</b>	28,224,915

**Movement in ECL on trade receivables is as follows**

	<b>For the year ended</b>	
	<b>31 December 2025</b>	31 December 2024
Opening balance	<b>2,670,457</b>	1,880,457
Charge for the year	<b>2,820,393</b>	790,000
Closing balance	<b>5,490,850</b>	2,670,457

The Company measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses (“ECL”) using simplified approach. The accounting policies relating to expected credit losses are disclosed in note 3. Also refer note 26 on credit risk of trade receivables, which discusses how the Company manages and measures credit quality of trade receivables that are neither past due nor impaired.

**10. PREPAYMENTS AND OTHER CURRENT ASSETS**

	<b>31 December 2025</b>	31 December 2024
Prepaid expenses	<b>1,580,394</b>	2,962,385
Insurance claims	<b>2,534,126</b>	2,221,389
Advances to suppliers	<b>1,140,242</b>	528,420
Employees’ advances	<b>109,003</b>	54,164
	<b>5,363,765</b>	5,766,358

**11. CASH AND CASH EQUIVALENTS**

	<b>31 December 2025</b>	31 December 2024
Cash at banks (note 11.1)	<b>3,903,226</b>	5,439,903
Cash in hand	<b>138,323</b>	122,673
	<b>4,041,549</b>	5,562,576

11.1 At each reporting date, all bank balances are assessed to have low credit risk as these are held with reputable with high credit rating ranging from (A+ to BBB+).

**RIYAL FOR INVESTMENT AND DEVELOPMENT COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

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

(ALL AMOUNTS EXPRESSED IN SAUDI RIYALS ﷲ UNLESS OTHERWISE STATED)

**12. SHARE CAPITAL**

The Company has total share capital of ﷲ 80,000,000 divided into 8,000,000 ordinary shares, at a nominal value of ﷲ 10 per share, all of which are ordinary shares, identical in all respects and fully paid up.

**13. STATUTORY RESERVE**

During the year 2025, the Company amended its by-laws to comply with the new Companies Regulations requirements and consequently, the Company is no longer required to appropriate statutory reserve and accordingly, the reserve appropriated during the prior years amounting to ﷲ 7,625,538 will be subject to shareholders resolution in the future, either to keep it as a general reserve, or transfer it back to retained earnings.

**14. LOANS**

Term loans as of 31 December is as follows:

	For the year ended	
	31 December 2025	31 December 2024
Opening balance	<b>28,964,224</b>	38,678,011
Proceeds	<b>28,560,814</b>	17,628,062
Finance cost (note 22)	<b>3,541,539</b>	3,433,524
Repayments	<b>(25,145,149)</b>	(30,775,373)
Closing balance	<b>35,921,428</b>	28,964,224
Current	<b>18,612,435</b>	16,648,219
Non-current	<b>17,308,993</b>	12,316,005
	<b>35,921,428</b>	28,964,224

The Company has a Sharia term loan facility agreement with a commercial bank amounting to ﷲ 30 million. As at 31 December 2025, ﷲ 18.84 million (2024: ﷲ 17.02 million) was utilized by the Company from the facility. The loan is repayable over 36 monthly installments commencing from the loan disbursement date. The loan is secured by promissory notes signed by the shareholders of the Company.

In 2021, the Company continued multiple financing agreements all repayable over 36 equal monthly installments with a financing company. The Company used the funds for purchase of vehicles for the purpose of leasing them to different customers. The loan is secured by promissory notes signed by shareholders of the Company. As at 31 December 2025, the outstanding balance of funds obtained is nil (2024: ﷲ 1.14 million).

In 2022 and 2023, the Company entered into three financing agreements of ﷲ 5 million each, repayable over 24 equal monthly installments with a grace period of six months with a financing Company. The Company used the funds for purchase of vehicles for the purpose of leasing them to different customers. The loan is secured by promissory notes signed by shareholders of the Company. As at 31 December 2025, the outstanding balance of funds obtained was nil. (2024: ﷲ nil).

In 2022, the Company entered a financing agreement repayable over 36 equal monthly installments with a financing Company with a grace period of three months. The Company used the funds for purchase of vehicles for the purpose of leasing them to different customers. The loan is secured by promissory notes signed by shareholders of the Company. As at 31 December 2025, the outstanding balance of funds obtained was nil. (2024: ﷲ 0.23 million).

**RIYAL FOR INVESTMENT AND DEVELOPMENT COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

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

(ALL AMOUNTS EXPRESSED IN SAUDI RIYALS ﷲ UNLESS OTHERWISE STATED)

**14. LOANS (CONTINUED)**

In 2023, the Company entered a financing Company agreement amounting to ﷲ 10 million, repayable over 36 equal monthly installments with Commercial Bank. The Company used the funds for purchase of vehicles for the purpose of leasing them to different customers. The loan is secured by promissory notes signed by shareholders of the Company. As at 31 December 2025, the outstanding balance of funds obtained is ﷲ 3.18 million (2024: ﷲ 6.53 million).

In 2024, the Company entered a financing agreement amounting ﷲ 5 million, repayable over 24 equal monthly installments with a financing Company. In addition, during the year Company entered another financing agreement of ﷲ 15 million with 36 equal monthly installments. The Company used the funds for purchase of vehicles for the purpose of leasing them to different customers. The loan is secured by promissory notes signed by shareholders of the Company. As at 31 December 2025, the outstanding balance of funds obtained is ﷲ 13.90 million. (2024: ﷲ 4.04 million).

The loans carry interest ranging from 8.50% to 12.05%. The maturity analysis of borrowings is disclosed in Note 26.

**15. EMPLOYEES' BENEFITS OBLIGATIONS**

In accordance with the provisions of "IAS 19,- Employee Benefits" the management has carried out an exercise to assess the present value of its employee benefits at 31 December 2025 and 31 December 2024 in respect of employees' defined benefit liabilities under relevant local regulations and contractual arrangements.

**The principal actuarial assumptions used at the reporting date:**

	<b>31 December 2025</b>	31 December 2024
Discount rate	<b>5.34%</b>	5.20%
Expected rate of salary increase	<b>4.50%</b>	4.50%
Mortality rates	<b>A 1949-52</b>	A 1949-52
Retirement age	<b>60 - 65 years</b>	60 - 65 years

**Amounts recognised in profit or loss:**

	<b>For the year ended</b>	
	<b>31 December 2025</b>	31 December 2024
Current service cost	<b>679,344</b>	488,109
Interest cost	<b>223,115</b>	152,119
	<b>902,459</b>	640,228

**Net re-measurement loss recognised in other comprehensive income:**

	<b>For the year ended</b>	
	<b>31 December 2025</b>	31 December 2024
Loss from changes in financial assumptions	<b>72,612</b>	249,121
Loss due to change in experience adjustments	<b>393,307</b>	214,138
	<b>465,919</b>	463,259

**RIYAL FOR INVESTMENT AND DEVELOPMENT COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

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

(ALL AMOUNTS EXPRESSED IN SAUDI RIYALS ﷲ UNLESS OTHERWISE STATED)

**15. EMPLOYEES' BENEFITS OBLIGATIONS (CONTINUED)**

**Movement in the employee benefits obligations:**

	<b>For the year ended</b>	
	<b>31 December 2025</b>	<b>31 December 2024</b>
Opening	<b>4,133,166</b>	3,204,718
Current service cost	<b>679,344</b>	488,109
Interest cost	<b>223,115</b>	152,119
Payments during the year	<b>(182,467)</b>	(175,039)
Re-measurements loss on obligations	<b>465,919</b>	463,259
Closing	<b>5,319,077</b>	4,133,166

A quantitative sensitivity analysis for discount rate and salaries assumption on the defined benefit obligations is shown below:

**Assumptions**

<b>Sensitivity analysis</b>	<b>Discount rate</b>	
	<b>100 bps Increase</b>	<b>100 bps Decrease</b>
Defined benefit obligations as at 31 December 2025	<b>4,979,187</b>	<b>5,704,409</b>
Defined benefit obligations as at 31 December 2024	3,863,627	4,439,192

	<b>Future salary increases</b>	
	<b>100 bps Increase</b>	<b>100 bps Decrease</b>
Defined benefit obligations as at 31 December 2025	<b>5,703,786</b>	<b>4,973,510</b>
Defined benefit obligations as at 31 December 2024	4,439,254	3,858,689

The weighted average duration of the defined benefit obligation is 5 years (2024: 5 years). The following payments are expected for the defined benefit plan in future years:

	<b>For the year ended</b>	
	<b>2025</b>	<b>2024</b>
Within the next 12 months	<b>572,799</b>	449,864
Between 1 and 5 years	<b>2,809,653</b>	1,551,127
Between 5 and 10 years	<b>4,741,385</b>	3,813,446
Beyond 10 years	<b>15,112,460</b>	11,506,011
Total expected payments	<b>23,236,297</b>	17,320,448

**RIYAL FOR INVESTMENT AND DEVELOPMENT COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

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

(ALL AMOUNTS EXPRESSED IN SAUDI RIYALS ﷲ UNLESS OTHERWISE STATED)

**16. ACCRUALS AND OTHER CURRENT LIABILITIES**

	<b>31 December 2025</b>	31 December 2024
Accrued expenses	<b>1,848,942</b>	1,588,292
Contract liabilities	<b>3,176,514</b>	1,056,487
VAT payable	<b>386,211</b>	808,118
	<b>5,411,667</b>	3,452,897

Contract liabilities include the advance received from customers for sale of vehicles. The movement of contract liabilities is as follows:

	<b>For the year ended</b>	
	<b>31 December 2025</b>	31 December 2024
Opening balance	<b>1,056,487</b>	3,602,725
Amount received from customers	<b>41,830,968</b>	31,120,645
Performance obligations satisfied	<b>(39,710,941)</b>	(33,666,883)
Closing balance	<b>3,176,514</b>	1,056,487

The amount of ﷲ 1,056,487 included in contract liabilities at 31 December 2024 has been recognized as revenue in the year 2025 (2024: ﷲ 3,602,725). Contract liabilities as at 31 December 2025, will be satisfied during the year ending 31 December 2026.

**17. RELATED PARTY TRANSACTIONS AND BALANCES**

Related parties include shareholders, other related parties, directors and key management personnel of the Company. Other related parties are the companies that are controlled by the common shareholders. The terms and conditions of related party transactions are approved by the management.

<b>Name</b>	<b>Relationship</b>
Al-Qahtani Pipe Coating Industries	Other related party
Pipeline Flow Chemical Company	Other related party
Eradat Transport Company	Other related party
Abdel Hadi Abdullah Al-Qahtani & Sons- Construction	Other related party
Al Qahtani Vehicle and Machinery Company	Other related party
Group Five Pipe Saudi Company	Other related party
Al Jazeera Water Treatment Chemicals Company	Other related party
Al Hijaz Carton Factory Limited Company	Other related party
Abdel Hadi Abdullah Al-Qahtani & Sons Sinopec Shanghai Engineering Con	Other related party
Abdul Hadi Tareq Al-Qahtani	Other related party
Arabian Commercial Services Company – Arco	Other related party
Izar for Insurance Brokerage Company	Other related party
Abdel Hadi Al-Qahtani Travel Bureau	Other related party

**a) The significant transactions with related parties are as follows:**

		<b>For the year ended</b>	
<b>Related party</b>	<b>Nature of transaction</b>	<b>31 December 2025</b>	31 December 2024
Al-Qahtani Pipe Coating Industries	Rental revenue	<b>1,539,530</b>	1,554,735
Al Qahtani Vehicle and Machinery Company	Expenses	<b>46,456</b>	-
Group Five Pipe Saudi Company	Rental revenue	<b>653,778</b>	414,982
Abdel Hadi Abdullah Al-Qahtani & Sons- Construction	Rental revenue	<b>329,067</b>	329,450
Pipeline Flow Chemical Company	Rental revenue	<b>31,165</b>	88,068
Al Hijaz Carton Factory Limited Company	Rental revenue	<b>59,340</b>	-
Abdel Hadi Abdullah Al-Qahtani & Sons Sinopec Shanghai Engineering Con	Rental revenue	<b>16,879</b>	-
Abdul Hadi Tareq Al-Qahtani	Leased property rent	<b>1,500,000</b>	1,500,000

**RIYAL FOR INVESTMENT AND DEVELOPMENT COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

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

(ALL AMOUNTS EXPRESSED IN SAUDI RIYALS ﷲ UNLESS OTHERWISE STATED)

**17. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)**

**b) Trade receivables – related parties**

	<b>31 December 2025</b>	31 December 2024
Al-Qahtani Pipe Coating Industries	<b>2,368,890</b>	5,844,077
Pipeline Flow Chemical Company	<b>492,280</b>	461,115
Eradat Transport Company	<b>397,537</b>	472,537
Abdel Hadi Abdullah Al-Qahtani & Sons- Construction	<b>380,445</b>	46,462
Al Qahtani Vehicle and Machinery Company	<b>128,648</b>	1,082,192
Group Five Pipe Saudi Company	<b>110,512</b>	92,186
Al Jazeera Water Treatment Chemicals Company	<b>24,392</b>	24,392
Al Hijaz Carton Factory Limited Company	<b>9,890</b>	14,835
Abdel Hadi Abdullah Al-Qahtani & Sons Sinopec Shanghai Engineering Cont.co	<b>8,829</b>	-
	<b>3,921,423</b>	8,037,796

The amounts due from related parties are secured by collateral against shares of a listed Company owed by common shareholders except Pipe Flow Chemical Company, Abdel Hadi Abdullah Al-Qahtani & Sons- Construction, Al Jazeera Water Treatment Chemicals Company, Al Hijaz Carton Factory, Abdel Hadi Abdullah Al-Qahtani & Sons Sinopec Shanghai Engineering Cont.co. However, the management expects to collect the amounts within twelve months from the end of the reporting date.

**c) Accruals and other current liabilities - related parties**

	<b>31 December 2025</b>	31 December 2024
Abdul Hadi Tareq Al-Qahtani	<b>375,000</b>	-
Arabian Commercial Services Company – Arco	<b>41,700</b>	41,708
Izar for Insurance Brokerage Company	<b>38,548</b>	38,548
Abdel Hadi Al-Qahtani Travel Bureau	-	4,976
	<b>455,248</b>	85,232

The above balances do not bear interest and due to be settled in cash within 12 months from the end of the reporting date.

**d) Key management personnel remuneration**

The remuneration of directors and other members of key management personnel during the period was as follows:

	<b>For the year ended</b>	
	<b>31 December 2025</b>	31 December 2024
Short-term benefits	<b>3,246,654</b>	2,338,090
Termination benefits	<b>1,680,664</b>	1,173,159
	<b>4,927,318</b>	3,511,249

**RIYAL FOR INVESTMENT AND DEVELOPMENT COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

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

(ALL AMOUNTS EXPRESSED IN SAUDI RIYALS ﷲ UNLESS OTHERWISE STATED)

**18. REVENUE**

	<b>For the year ended</b>	
	<b>31 December 2025</b>	<b>31 December 2024</b>
Lease rental income	<b>107,451,215</b>	108,752,871
Sale of used vehicles (18.1)	<b>36,295,002</b>	30,952,412
	<b>143,746,217</b>	139,705,283

**18.1. Sale of used vehicles:**

	<b>For the year ended</b>	
	<b>31 December 2025</b>	<b>31 December 2024</b>
Revenue	<b>36,295,002</b>	30,952,412
Cost of revenue	<b>(38,048,791)</b>	(29,965,704)
	<b>(1,753,789)</b>	986,708

*Disaggregation of revenue from contracts with customers*

In the following table, revenue from contracts with customers is disaggregated by primary geographical market and timing of revenue recognition.

	<b>2025</b>	<b>2024</b>
<i>Primary geographical markets</i>		
Saudi Arabia	<b>143,746,217</b>	139,705,283
	<b>2025</b>	<b>2024</b>
<i>Timing of revenue recognition</i>		
Transferred at point over time	<b>107,451,215</b>	108,752,871
Transferred at a point in time	<b>36,295,002</b>	30,952,412
	<b>143,746,217</b>	139,705,283

**19. COST OF REVENUE**

	<b>For the year ended</b>	
	<b>31 December 2025</b>	<b>31 December 2024</b>
Cost of vehicles sold	<b>38,048,791</b>	29,965,704
Depreciation of right of use asset (note 7)	<b>24,553,670</b>	23,377,860
Depreciation of property and equipment (note 6)	<b>16,110,581</b>	14,545,436
Vehicle repair and maintenance	<b>8,365,234</b>	9,581,697
Salaries and wages	<b>7,561,636</b>	5,218,190
Vehicle insurance expense	<b>6,424,414</b>	5,310,900
Fees and traffic fines	<b>2,138,279</b>	1,683,746
Oil and lubrication	<b>1,229,656</b>	1,379,655
Travel and transportation	<b>631,521</b>	674,006
Write down of inventories (note 8)	<b>326,000</b>	200,000
Others	<b>578,942</b>	429,613
	<b>105,968,724</b>	92,366,807

**RIYAL FOR INVESTMENT AND DEVELOPMENT COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

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

(ALL AMOUNTS EXPRESSED IN SAUDI RIYALS ﷲ UNLESS OTHERWISE STATED)

**20. GENERAL AND ADMINSTRATIVE EXPENSES**

	<b>For the year ended</b>	
	<b>31 December 2025</b>	<b>31 December 2024</b>
Salaries and wages	<b>10,585,679</b>	7,626,586
Fee and subscription	<b>710,701</b>	723,617
Depreciation of property and equipment (note 6)	<b>464,632</b>	359,592
Utilities	<b>271,346</b>	259,362
Rent	<b>232,877</b>	351,000
Others	<b>836,920</b>	651,974
	<b>13,102,155</b>	9,972,131

**21. SELLING AND MARKETING EXPENSES**

	<b>For the year ended</b>	
	<b>31 December 2025</b>	<b>31 December 2024</b>
Salaries and wages	<b>775,551</b>	535,199
Advertisement and promotions	<b>448,114</b>	736,629
Others	<b>742,525</b>	774,613
	<b>1,966,190</b>	2,046,441

**22. FINANCE COST**

	<b>For the year ended</b>	
	<b>31 December 2025</b>	<b>31 December 2024</b>
Finance cost on lease liabilities (note 7)	<b>17,349,591</b>	19,042,969
Finance cost on term loans (note 14)	<b>3,541,539</b>	3,433,524
Bank and other charges	<b>603,529</b>	774,923
	<b>21,494,659</b>	23,251,416

**23. OTHER INCOME**

	<b>For the year ended</b>	
	<b>31 December 2025</b>	<b>31 December 2024</b>
Claims against damages of vehicles	<b>2,196,777</b>	1,290,467
Vehicle insurance claims	<b>5,064,471</b>	4,360,285
Others	<b>255,890</b>	481,290
	<b>7,517,138</b>	6,132,042

**RIYAL FOR INVESTMENT AND DEVELOPMENT COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

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

(ALL AMOUNTS EXPRESSED IN SAUDI RIYALS ﷲ UNLESS OTHERWISE STATED)

**24. ZAKAT**

**Status of Assessment**

The Company has submitted Zakat returns till the year ended 31 December 2024 and obtained certificates valid until 30 April 2026. Zakat assessments for 2020, 2023, and 2024 have been received and fully settled, while assessments for 2021 and 2022 are still pending from ZATCA.

**Movement in Zakat Provision:**

	<b>For the year ended</b>	
	<b>31 December 2025</b>	<b>31 December 2024</b>
Opening balance	<b>1,605,111</b>	1,840,356
Charge for the year	<b>154,577</b>	998,250
Payment during the year	<b>(647,834)</b>	(1,233,495)
Closing balance	<b>1,111,854</b>	1,605,111

**25. EARNINGS PER SHARE**

Basic earnings per share for profit attributable to ordinary shares holders for the period are computed based on the weighted average number of shares outstanding during such period. The diluted earnings per share are the same as the basic earnings per share because the Company does not have any dilutive instruments in issue.

	<b>2025</b>	<b>2024</b>
Profit attributable to ordinary equity holders of the Company	<b>5,756,657</b>	16,412,280
Weighted average number of ordinary shares for basic and diluted EPS	<b>8,000,000</b>	8,000,000
Basic and dilutive earnings per share	<b>0.72</b>	2.05

**26. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT POLICIES**

**Fair values of financial instruments**

The carrying values of all the financial assets and financial liabilities reported in the financial statements approximate their fair values. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. There are no financial assets and financial liabilities that are measured using the fair value hierarchy.

	<b>31 December 2025</b>	<b>31 December 2024</b>
<b>Financial assets measured at amortized cost:</b>		
Trade receivables	<b>38,437,860</b>	28,224,915
Trade and other receivables - related parties	<b>3,921,423</b>	8,037,796
Other current assets	<b>2,534,126</b>	2,221,389
Cash and cash equivalents	<b>4,041,549</b>	5,562,576
	<b>48,934,958</b>	44,046,676
	<b>31 December 2025</b>	<b>31 December 2024</b>
<b>Financial liabilities measured at amortized cost:</b>		
Lease liabilities	<b>126,730,631</b>	133,238,705
Loans	<b>35,921,428</b>	28,964,224
Trade payables	<b>3,317,209</b>	3,499,255
Other current liabilities	<b>1,848,942</b>	1,588,292
Accruals and other current liabilities - related parties	<b>455,248</b>	85,232
	<b>168,273,458</b>	167,375,708

**RIYAL FOR INVESTMENT AND DEVELOPMENT COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

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

(ALL AMOUNTS EXPRESSED IN SAUDI RIYALS ﷲ UNLESS OTHERWISE STATED)

**26. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)**

The Company's principal financial assets include cash and cash equivalents, trade receivables, trade and other receivables - related parties and certain other receivables, that arrive directly from its operations. The Company's principal financial liabilities, comprise loans, lease liabilities, trade payables, accruals and other current liabilities - related parties and certain other liabilities. The main purpose of these financial liabilities is to finance the Company's operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's financial risk activities are governed by appropriate policies and procedures. Financial risks are identified, measured and managed in accordance with Company's policies and risk appetite. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

**a) Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk and other price risk such as equity price risk and commodity price risk. Financial instruments affected by market risk include trade receivables and loans.

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates (SIBOR).

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings and regularly reviewing the impact of interest rate changes on the overall debt portfolio.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected with all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

	<u>Change in Interest rate</u>	<u>Effect on profit (SR)</u>
<b><u>31 December 2025</u></b>		
Saudi Riyals	+0.5%	(179,607)
Saudi Riyals	-0.5%	179,607
 <u>31 December 2024</u>		
Saudi Riyals	+0.5%	(144,821)
Saudi Riyals	-0.5%	144,821

**b) Credit risk**

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily for trade receivables) and other financial instruments.

The Company seeks to manage its credit risk with respect to trade by setting credit limits for individual trade and monitoring outstanding trade receivables. The Company has established policies and procedures for timely recovery of trade receivables debts. The Company mitigates its exposure and credit risk by applying specific controls in accordance with the Company's policies and procedures.

Trade receivables credit risk is managed subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of the trade receivables are assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment.

**RIYAL FOR INVESTMENT AND DEVELOPMENT COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

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

(ALL AMOUNTS EXPRESSED IN SAUDI RIYALS ﷲ UNLESS OTHERWISE STATED)

**26. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)**

**b) Credit risk (continued)**

The credit risk on cash and cash equivalent is limited because the counterparties are banks with high credit-ratings. The table below shows the Company's maximum exposure to credit risk for the components of the statement of financial position at reporting date:

	<b>31 December 2025</b>	31 December 2024
Trade receivables	<b>38,437,860</b>	28,224,915
Trade and other receivables – related parties	<b>3,921,423</b>	8,037,796
Other current assets	<b>2,534,126</b>	2,221,389
Cash at banks	<b>3,903,226</b>	5,439,903
	<b>48,796,635</b>	43,924,003

Trade receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Company has no significant concentration of credit risks. The Company limits its exposure to credit risk from Trade receivables by establishing maximum payment periods for each customer and outstanding customer receivables are regularly monitored. The Company does not have trade receivables for which no loss allowance is recognized because of collateral. The Company uses an allowance matrix to measure impairment loss on trade receivable for trade and unbilled receivables. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off.

The loss rates are based on days past due for Company of various customer segments that have similar loss patterns. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in above.

Concentration risk

The Company has no significant concentration of credit risk. Concentration risk arises when a number of counterparties engage in similar business activities or activities in the same geographical region or have economic features that would cause them to fail their contractual obligations.

Following is the ageing analysis of trade receivables and exposure to credit risk at 31 December:

**Analysis of trade receivables aging**

	<b>31 December 2025</b>						
	<b>Not past due</b>	<b>0-90 days</b>	<b>91-180 days</b>	<b>Past due 181-270 days</b>	<b>271-360 days</b>	<b>Above 360 days</b>	<b>Total</b>
<b>Gross receivables</b>	<b>19,452,497</b>	<b>12,852,480</b>	<b>3,630,199</b>	<b>1,871,891</b>	<b>1,815,358</b>	<b>4,306,285</b>	<b>43,928,710</b>
<b>Expected credit loss</b>	<b>(372,304)</b>	<b>(498,463)</b>	<b>(493,230)</b>	<b>(413,647)</b>	<b>(590,121)</b>	<b>(3,123,085)</b>	<b>(5,490,850)</b>
	<b>19,080,193</b>	<b>12,354,017</b>	<b>3,136,969</b>	<b>1,458,244</b>	<b>1,225,237</b>	<b>1,183,200</b>	<b>38,437,860</b>

**RIYAL FOR INVESTMENT AND DEVELOPMENT COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

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

(ALL AMOUNTS EXPRESSED IN SAUDI RIYALS ﷲ UNLESS OTHERWISE STATED)

**26. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)**

**b) Credit risk (continued)**

	31 December 2024						Total
	Not past due	0-90 days	91-180 days	Past due			
				181-270 days	271-360 days	Above 360 days	
Gross receivables	19,665,555	6,506,662	888,390	479,189	383,783	2,971,793	30,895,372
Expected credit loss	(28,351)	(59,547)	(52,340)	(43,036)	(40,458)	(2,446,725)	(2,670,457)
	19,637,204	6,447,115	836,050	436,153	343,325	525,068	28,224,915

**c) Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as 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 risking damage to the Company.

The Company ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations, this excludes the potential impact of extreme circumstances that cannot reasonably be predicted and force majeure events, such as natural disasters.

The table below summarizes the maturities of the Company's undiscounted financial liabilities based on contractual payment dates and current market interest rates. The Company does not hold financial assets for managing liquidity risk. Hence, these risks have not been considered for maturity analysis.

As at 31 December 2025	Carrying Value	Within 1 year	Within 1 to 5 years	More than 5 years	Total
Lease liabilities	126,730,631	64,678,532	83,459,504	18,394,688	166,532,724
Loans	35,921,428	21,331,800	18,698,407	-	40,030,207
Trade payables	3,317,209	3,317,209	-	-	3,317,209
Other current liabilities	1,848,942	1,848,942	-	-	1,848,942
Accruals and other current liabilities - related parties	455,248	455,248	-	-	455,248
	168,273,458	91,631,731	102,157,911	18,394,688	212,184,330
As at 31 December 2024	Carrying Value	Within 1 year	Within 1 to 5 years	More than 5 years	Total
Lease liabilities	133,238,705	78,267,296	74,416,675	19,969,688	172,653,659
Loans	28,964,224	18,716,322	13,024,385	-	31,740,707
Trade payables	3,499,255	3,499,255	-	-	3,499,255
Other current liabilities	1,588,292	1,588,292	-	-	1,588,292
Accruals and other current liabilities - related parties	85,232	85,232	-	-	85,232
	167,375,708	102,156,397	87,441,060	19,969,688	209,567,145

**RIYAL FOR INVESTMENT AND DEVELOPMENT COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

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

(ALL AMOUNTS EXPRESSED IN SAUDI RIYALS ﷲ UNLESS OTHERWISE STATED)

**26. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)**

**Capital management**

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to maximize the return to stakeholder through the optimization of the debt and equity balance.

The Company's management manage the Company's capital structure and make adjustments to it, in light of changes in economic conditions. The capital structure is reviewed on an ongoing basis. Based on recommendations of the management, the Company balances its overall capital structure through the payments of dividends and new share issues. The capital structure of the Company consists of equity comprising share capital, statutory reserve and retained earnings.

The Company's net debt to equity ratio at the end of the year is as follows:

	<b>31 December 2025</b>	31 December 2024
Lease liabilities	<b>126,730,631</b>	133,238,705
Loans	<b>35,921,428</b>	28,964,224
Less: cash and cash equivalents	<b>(4,041,549)</b>	(5,562,576)
Net debt	<b>158,610,510</b>	156,640,353
Total equity	<b>168,917,978</b>	167,627,240
Net debt to equity ratio	<b>94%</b>	93%

*Changes in liabilities arising from financing activities*

	<b>01 January 2025</b>	<b>Cashflows</b>	<b>New Lease</b>	<b>Others</b>	<b>31 December 2025</b>
<b>Loans</b>	<b>28,964,224</b>	<b>3,415,665</b>	-	<b>3,541,539</b>	<b>35,921,428</b>
<b>Lease liabilities</b>	<b>133,238,705</b>	<b>(85,200,687)</b>	<b>61,901,441</b>	<b>16,791,172</b>	<b>126,730,631</b>
	<b>162,202,929</b>	<b>(81,785,022)</b>	<b>61,901,441</b>	<b>20,332,711</b>	<b>162,652,059</b>

	01 January 2024	Cashflows	New Lease	Others	31 December 2024
Loans	38,678,011	(13,147,311)	-	3,433,524	28,964,224
Lease liabilities	153,231,688	(81,261,780)	42,225,828	19,042,969	133,238,705
	191,909,699	(94,409,091)	42,225,828	22,476,493	162,202,929

\*Others include mainly the finance costs.

**RIYAL FOR INVESTMENT AND DEVELOPMENT COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

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

(ALL AMOUNTS EXPRESSED IN SAUDI RIYALS ﷲ UNLESS OTHERWISE STATED)

**27. COMPARATIVE FIGURES**

Certain prior year amounts in the statement of profit or loss and other comprehensive income have been reclassified to conform with the current year's presentation. The reclassifications do not have any impact on retained earnings and total comprehensive income.

	<b>Amount before reclassification</b>	<b>Reclassification</b>	<b>Amounts after reclassification</b>
Cost of revenue	<b>90,747,858</b>	<b>1,618,949</b>	<b>92,366,807</b>
Selling and marketing expenses	<b>3,172,430</b>	<b>(1,125,989)</b>	<b>2,046,441</b>
General and administrative expenses	<b>10,465,091</b>	<b>(492,960)</b>	<b>9,972,131</b>

**28. CONTINGENCIES AND COMMITMENT**

As at 31 December 2025, the Company has letters of credit amounted to ﷲ 100,000 (31 December 2024: Nil) issued from bank in the Kingdom of Saudi Arabia.

**29. DIVIDEND**

On 25 May 2025, the General Assembly of the shareholders approved the Board of Directors recommendation to distribute cash dividend of ﷲ 4 million (ﷲ 0.50 per share) for the year ended December 31, 2024 and the same was paid to the shareholders.

**30. EVENT AFTER THE REPORTING PERIOD**

Except for subsequent events mentioned elsewhere in these financial statements, there are no other significant subsequent event occurred between 31 December 2025 and the date of approval of these financial statements, which either require adjustment or disclosure in these financial statements.

**31. NON-CASH TRANSACTIONS**

The most important non-cash transactions for the purpose of preparing the statement of cash flows are as follows:

	<b>31 December 2025</b>	31 December 2024
Transfer from property and equipment to inventories (net) – (note 6)	<b>41,106,096</b>	29,553,841
Transfers from right of use asset to property and equipment (net) (note 6)	<b>49,223,422</b>	17,343,135
Re-measurement loss on employees' benefits obligations (note 15)	<b>(465,919)</b>	(463,259)
Transfers from right of use asset to inventory (note 7)	-	1,703,210
Additions to right of use assets (note 7)	<b>61,901,441</b>	42,225,828

**32. APPROVAL OF FINANCIAL STATEMENTS**

The financial statements have been approved and authorised for issue by the Board of Directors of the Company on 29 March 2026G corresponding to 10 Shawwal 1447H.