



Al Majeed For Oud Company

A Saudi Joint Stock Company

**THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024 AND
INDEPENDENT AUDITOR'S REPORT**

Al Majed For Oud Company
(A Saudi Joint Stock Company)
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
DECEMBER 2024

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Al Majed for Oud Company (Saudi Joint Stock Company)

Opinion

We have audited the consolidated financial statements of **Al Majed for Oud Company** (the “Company”) and its subsidiary (together “the Group”) which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated 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 Consolidated Financial Statements* section of our report. We are independent of the Group 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 consolidated 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT on the consolidated financial statements of Al Majed for Oud Company and its subsidiary for the year ended 31 December 2024 (continued)

Revenue Recognition	
Refer to Note 3.14 for the accounting policy relating to revenue and Note 20 for the related disclosures in the accompanying consolidated financial statements.	
The key audit matter	How the matter was addressed in our audit
<p>During the year ended 31 December 2024, the Company recognized revenue of SR 926 million (2023: 772 million).</p> <p>The Company recognizes revenue upon satisfaction of performance obligations in line with its policies, which typically results in revenue being recognized at a specific point in time.</p> <p>We identified this as a key audit matter because the Group considers revenue a critical performance measure. Additionally, there is an inherent risk of potential revenue overstatement to present improved financial results.</p>	<p><i>We performed the following procedures:</i></p> <ul style="list-style-type: none"> - Evaluated the appropriateness of the Group's revenue recognition policy and its compliance with the relevant IFRS accounting standards. - Reviewed the design, implementation, and operating effectiveness of the Group's controls, including automated controls related to revenue recognition. - Performed sample-based testing on the daily sales reports prepared by the management at the branch level which compared by the sales recorded in the system . - Assessed a sample of sales transactions occurring pre and post year-end to ensure revenue was recorded in the correct accounting period. - Performed analytical procedures and analyzing the variances.

***INDEPENDENT AUDITOR'S REPORT on the consolidated financial statements of
Al Majed for Oud Company and its subsidiary for the year ended 31 December 2024 (continued)***

Other information

Other information consists of the information included in the Group's 2024 annual report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information in its annual report.

Our opinion on the consolidated 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 consolidated 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 consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. When we read the annual report, when it is available to us, if we discover that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the Audit of the Consolidated Financial Statements

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

***INDEPENDENT AUDITOR'S REPORT on the consolidated financial statements of
Al Majed for Oud Company and its subsidiary for the year ended 31 December 2024 (continued)***

As part of an audit in accordance with ISAs that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

**INDEPENDENT AUDITOR'S REPORT on the consolidated financial statements of
Al Majed for Oud Company and its subsidiary for the year ended 31 December 2024 (continued)**

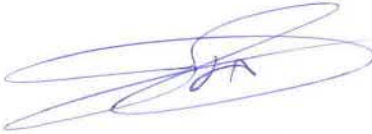
Auditor's responsibilities for the Audit of the Consolidated Financial Statements (continued)

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

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

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

For Dr. Mohamed Al-Amri & Co.,



Gihad Mohamed Al-Amri
License No. 362



Riyadh, on 13 Ramadan 1446 (H)
Corresponding to: 13 March 2025 (G)

Al Majed For Oud Company

(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024

(All amounts are in Saudi Riyals unless otherwise stated)

		As at December 31,	
	Note	2024	2023 (Restated)
Assets			
Non-Current Assets			
Property, Plant and Equipment	<u>5</u>	141,245,869	132,600,565
Right-of-use Assets	<u>6.1</u>	236,905,859	233,188,025
Intangible assets	<u>7</u>	860,225	1,661,637
Financial assets at fair value through other comprehensive income	<u>8</u>	-	4,618,879
Total Non-Current Assets		379,011,953	372,069,106
Current Assets			
Inventories	<u>9</u>	313,567,157	290,184,702
Trade receivables	<u>10</u>	5,898,864	9,336,001
Due from related parties	<u>11.2</u>	6,746,583	2,268,297
Prepayments and other debit balance	<u>12</u>	58,859,807	41,884,675
Cash and Cash Equivalents	<u>13</u>	29,649,142	54,069,792
Total Current Assets		414,721,553	397,743,467
Total Assets		793,733,506	769,812,573
Equity and Liabilities			
Equity			
Share Capital	<u>18</u>	250,000,000	250,000,000
Statutory reserve	<u>19</u>	-	42,402,397
Retained Earnings		220,058,190	84,058,427
Actuarial measurement of end-of-service benefits liability reserve		(1,615,910)	241,184
Fair value reserve		-	835,026
Foreign currency translation reserve		(253,808)	(276,258)
Total Equity		468,188,472	377,260,776
Non-current liabilities			
End-of-service benefits liability	<u>14</u>	15,088,584	10,852,641
Lease Liabilities	<u>6.2</u>	142,762,103	146,140,365
Deferred tax liabilities		70,617	-
Total non-current liabilities		157,921,304	156,993,006
Current Liabilities			
Current portion of lease liabilities	<u>6.2</u>	80,425,445	72,383,940
Loans	<u>15</u>	-	45,000,000
Trade Payables		44,766,807	23,571,137
Payables and other credit balances	<u>16</u>	33,722,585	38,617,285
Due to related parties	<u>11.2</u>	-	48,058,382
Zakat Provision	<u>17.2</u>	6,628,179	7,928,047
Income Tax Provision	<u>17.4</u>	2,080,714	-
Total Current Liabilities		167,623,730	235,558,791
Total Liabilities		325,545,034	392,551,797
Total Equity and Liabilities		793,733,506	769,812,573



Chief Financial Officer
Firas Dirar Musmar



Chief Executive Officer
Waleed Bin Khalid Al Majed



Board Chairman
Majed bin Ali bin Othman Al Majed

The accompanying notes form an integral part of these financial statements and should be read in conjunction therewith.

Al Majed For Oud Company

(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2024

(All amounts are in Saudi Riyals unless otherwise stated)

	Note	Year ended December 31,	
		2024	2023 (Reclassified)
Revenue	<u>20</u>	926,002,004	772,457,166
Cost of Revenue	<u>21</u>	(316,306,499)	(259,589,874)
Gross Profit		609,695,505	512,867,292
Selling and Marketing Expenses	<u>22</u>	(387,786,456)	(309,214,010)
General and Administrative Expenses	<u>23</u>	(43,396,395)	(39,966,944)
Operating profit		178,512,654	163,686,338
Finance Costs	<u>24</u>	(14,358,075)	(12,251,613)
Other income	<u>25</u>	1,766,193	5,474,621
Profit for the year before Zakat and tax		165,920,772	156,909,346
Zakat expense	<u>17</u>	(6,627,138)	(8,232,093)
Tax expense		(2,335,105)	-
Net profit for the year		156,958,529	148,677,253
Other Comprehensive Income:			
Item that may be reclassified subsequently to the statement of profit or loss:			
Foreign currency translation differences		22,450	(93,602)
Items that will not be reclassified subsequently to the statement of profit or loss:			
Change in fair value of financial assets at fair value through other comprehensive income		1,239,012	803,656
Actuarial remeasurement of end-of-service benefits liability	<u>14</u>	(1,857,094)	(383,419)
Other comprehensive income for the year		(595,632)	326,635
Total comprehensive income for the year		156,362,897	149,003,888
Basic and diluted earnings per share based on annual profit attributable to shareholders of the company			
	<u>26</u>	6.28	5.95



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Al Majed For Oud Company

(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2024

(All amounts are in Saudi Riyals unless otherwise stated)

	Share Capital	Statutory Reserve	Retained Earnings	Actuarial measurement of end-of-service benefits liability reserve	Fair value reserve	Foreign currency translation reserve	Total Equity
Balance as at 1 January 2023	250,000,000	27,534,672	39,748,899	624,603	31,370	(182,656)	317,756,888
Net profit for the year	-	-	148,677,253	-	-	-	148,677,253
Other comprehensive income	-	-	-	(383,419)	803,656	(93,602)	326,635
Total comprehensive income for the year	-	-	148,677,253	(383,419)	803,656	(93,602)	149,003,888
Transfer to statutory reserve	-	14,867,725	(14,867,725)	-	-	-	-
Dividends (Note 31)	-	-	(89,500,000)	-	-	-	(89,500,000)
Balance as at 31 December 2023	250,000,000	42,402,397	84,058,427	241,184	835,026	(276,258)	377,260,776
Balance as at 1 January 2024 (As previously issued)	250,000,000	42,402,397	134,058,427	241,184	835,026	(276,258)	427,260,776
Accrued Dividends Payable (Note 31)	-	-	(50,000,000)	-	-	-	(50,000,000)
Balance as at 1 January 2024 (restated)	250,000,000	42,402,397	84,058,427	241,184	835,026	(276,258)	377,260,776
Net profit for the year	-	-	156,958,529	-	-	-	156,958,529
Other comprehensive income	-	-	-	(1,857,094)	1,239,012	22,450	(595,632)
Total comprehensive income for the year	-	-	156,958,529	(1,857,094)	1,239,012	22,450	156,362,897
Net impact of disposal of equity instrument at fair value	-	-	2,074,038	-	(2,074,038)	-	-
IPO Costs reimbursed (Note 27)	-	-	9,564,799	-	-	-	9,564,799
Transfer to retained earnings (Note 19)	-	(42,402,397)	42,402,397	-	-	-	-
Transfer to statutory reserve	-	-	-	-	-	-	-
Reversal of dividends (Note 31)	-	-	50,000,000	-	-	-	50,000,000
Dividends (Note 31)	-	-	(125,000,000)	-	-	-	(125,000,000)
Balance as at 31 December 2024	250,000,000	-	220,058,190	(1,615,910)	-	(253,808)	468,188,472



Chief Financial Officer
Firas Dirar Musmar



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Waleed Bin Khalid Al Majed



Board Chairman
Majed bin Ali bin Othman Al Majed

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Al Majed For Oud Company

(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2024

(All amounts are in Saudi Riyals unless otherwise stated)

		Year ended December 31,	
	Note	2024	2023
Operating activities:			
Net profit before Zakat and tax		165,920,772	156,909,346
Adjustments for:			
(Reversal) Charging expected credit losses for trade receivable	10 (a)	(162,779)	111,100
Charging expected credit loss for due from related parties	11 (a)	27,938	-
Reversal Provision for slow-moving inventories	9	(1,673,962)	(2,476,007)
Depreciation of Property, Plant and Equipment	5	33,513,732	28,360,967
Amortization of Right-of-use Assets	6.1	86,074,146	77,287,771
Finance cost	23	14,358,075	12,251,613
Amortization of intangible assets	7	425,757	861,458
Lease concessions	6.2	(1,475,000)	(1,519,410)
Employee benefit provision expense	14	3,032,962	2,328,749
Short term deposit interest income		(819,375)	-
Loss on disposal of Property, Plant and Equipment	25	667,000	467,653
Gain on disposal of leases	25	(106,632)	(3,242,510)
Loss on disposal intangible assets		334,463	-
Dividends from financial assets at FVOCI	25	(102,013)	(243,713)
		300,015,084	271,097,017
Changes in:			
Trade Receivables		3,599,823	(5,065,143)
Prepaid expenses and other receivables		(16,581,683)	3,478,671
Due from related parties		(4,506,224)	(3,468,168)
Inventories		(21,709,183)	(78,158,137)
Trade Payables		21,383,570	9,606,297
Payables and other credit balances		(4,095,451)	8,674,474
Due to related parties		(48,058,382)	(27,667,849)
Cash flows generated from operating activities		230,047,554	178,497,162
Employee benefits paid	14	(1,306,829)	(1,319,412)
Zakat paid	17.2	(7,927,006)	(7,900,309)
Income tax paid		(183,774)	-
Net cash flows generated from operating activities		220,629,945	169,277,441
Investing Activities:			
Additions to Property, Plant and Equipment	5	(42,976,307)	(56,975,158)
Additions to intangible assets	7	(4,687)	(1,218,244)
Dividends received from financial assets at FVOCI		102,013	243,713
Paid to purchase financial assets at fair value through other comprehensive income	8	(127,864)	(374,253)
Proceeds from disposal of financial assets at FVOCI		5,985,755	-
Proceeds from short term deposit interest income		819,375	-
Proceeds from the disposal of Property, Plant and Equipment		8,740	-
Net cash flows used in investing activities		(36,192,975)	(58,323,942)
Financing activities:			
Lease liabilities paid	6.2	(95,958,563)	(83,923,506)
Proceeds from short-term loans	15	95,000,000	119,000,000
Short-term loans payments	15	(142,487,451)	(75,217,886)
Net proceeds from IPO reimbursement	32	9,564,799	-
Reversal of dividends	31	50,000,000	-
Dividends Paid	31	(125,000,000)	(39,500,000)
Net cash flows used in financing activities		(208,881,215)	(79,641,392)
Net increase in cash and cash equivalents		(24,444,245)	31,312,107
Net exchange differences on translation of foreign currencies		23,595	-
Cash and cash equivalents at the beginning of the year		54,069,792	22,757,685
Cash and cash equivalents at the end of the year		29,649,142	54,069,792
Non-cash transactions:			
Transferred from assets to trade payables		142,021	-
Transferred from lease to prepayments		393,449	-
Accrued finance cost		-	799,249
Additions to right-of-use assets		104,993,557	77,424,775
Changes in FVOCI		1,239,012	803,656
Actuarial remeasurement of end-of-service benefits liability		(1,857,094)	(383,419)

Chief Financial Officer
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Board Chairman
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Al Majed For Oud Company

(A Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(All amounts are in Saudi Riyals unless otherwise stated)

1. LEGAL STRUCTURE AND COMPANY ACTIVITY

Al Majed for Oud Company ("the Company"), is a Saudi Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia under commercial registration number (1010045397) dated 15 Ramadan 1402 (H), corresponding to 7 July 1982 (G).

On 29 Shaaban 1444 (H), corresponding to 21 March 2023 (G), the partners have unanimously resolved to convert the Company from a Limited Liability Company to a Saudi joint stock Company. This resolution has been indicated in the Commercial Register on 27 Ramadan 1444 (H), corresponding to 18 April 2023.

On 26 Dhul-Qi'dah 1445 (H), (corresponding to June 3, 2024), the Board of the Capital Market Authority approved the company's request to register its shares and proceed with a public offering of 7,500,000 shares, representing 30% of the total shares outstanding.

The Company's activities include wholesale and retail of oud, musk, incense, saffron, oriental and western perfumes, cosmetics, bags, glasses, antiques, gifts, and decorative flowers. The Company is also involved in manufacturing room fragrances, air fresheners, men's and women's perfumes, oud oil, oud, incense, mixing and packaging of perfumes and oils, and plants.

The registered office is located at 4299 King Abdulaziz Road, As Sahafah Dist., Riyadh 11612, Kingdom of Saudi Arabia.

The Company has invested in the following subsidiary, which are included in these consolidated financial statements:

Subsidiary	Direct and indirect Ownership %		Principal activity	Country of incorporation	Commercial register
	2024	2023			
Al Majed for Oud (Single-Member Limited Liability Company)	100%	-	Trading in general merchandise.	Qatar	206543

The accompanying consolidated financial statements include the Company's branches in Saudi Arabia, Kuwait, the United Arab Emirates, Bahrain and Oman listed below, which operate under the following subsidiary commercial registrations:

City	Date	Commercial Registration No.	Branch Name
Riyadh	10/10/1430 (H)	1010274472	Al Majed Factory for Oud
Al Kharj	16/10/1433 (H)	1011018060	Al-Majed for Oud Company
Ad Dawadimi	01/03/1437 (H)	1116011287	Al-Majed for Oud Company
Unaizah	06/08/1434 (H)	1128016770	Al-Majed for Oud Company
Buraidah	16/03/1429 (H)	1131025830	Al-Majed for Oud Company
Ar Rass	18/02/1434 (H)	1132008578	Al-Majed for Oud Company
Ar Rass	19/01/1439 (H)	1132011121	Al-Majed for Oud Company
Wadi Al-Dawasir	30/03/1437 (H)	1185006703	Al-Majed for Oud Company
Dammam	08/08/1426 (H)	2050049500	Al-Majed for Oud Company
Al Khobar	12/04/1429 (H)	2051037044	Al-Majed for Oud Company

Al Majed For Oud Company

(A Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(All amounts are in Saudi Riyals unless otherwise stated)

City	Date	Commercial Registration No.	Branch Name
Al Khobar	10/05/1439 (H)	2051220451	Al-Majed for Oud Company
Dhahran	10/05/1439 (H)	2052101099	Al-Majed for Oud Company
Jubail	04/08/1438 (H)	2055025923	Al-Majed for Oud Company
Al-Nairyah	02/12/1436 (H)	2056005355	Al-Majed for Oud Company
Al khafji	21/02/1436 (H)	2057007450	Al-Majed for Oud Company
Al Ahsa villages	12/08/1430 (H)	2250039200	Al-Majed for Oud Company
Hafar Al Batin	21/07/1431(H)	2511011270	Al-Majed for Oud Company
Hail	05/05/1437 (H)	3350044003	Al-Majed for Oud Company
Sakaka	08/05/1436 (H)	3400019379	Al-Majed for Oud Company
Arar	20/08/1436 (H)	3450014893	Al-Majed for Oud Company
Al Qurayat	19/11/1440 (H)	3452145620	Al-Majed for Oud Company
Rafha	13/07/1436 (H)	3453004740	Al-Majed for Oud Company
Tabuk	18/06/1434 (H)	3550030104	Al-Majed for Oud Company
Makkah	29/12/1428 (H)	4031052042	Al-Majed for Oud Company
Makkah	22/10/1435 (H)	4031087091	Al-Majed for Oud Company
Makkah	10/23/1435 (H)	4031087092	Al-Majed for Oud Company
Taif	06/08/1434 (H)	4032038280	Al-Majed for Oud Company
Taif	05/28/1437 (H)	4032050015	Al-Majed for Oud Company
Al Qunfudhah	07/28/1436 (H)	4603008701	Al-Majed for Oud Company
Al-Madinah	07/20/1431 (H)	4650049235	Al-Majed for Oud Company
Yanbu	11/19/1440 (H)	4700017834	Al-Majed for Oud Company
Al Bahah	04/05/1435 (H)	5800017243	Al-Majed for Oud Company
Baljurashi	05/15/1438 (H)	5801021348	Al-Majed for Oud Company
Abha	16/11/1438 (H)	5850071171	Al-Majed for Oud Company
Bisha	30/02/1434 (H)	5851005599	Al-Majed for Oud Company
Khamis Mushait	27/01/1434 (H)	5855047951	Al-Majed for Oud Company
Al Namas	01/01/1440 (H)	5859611644	Al-Majed for Oud Company
Muhayil Asir	09/11/1438 (H)	5860071138	Al-Majed for Oud Company
Jazan	09/01/1436 (H)	5900030985	Al-Majed for Oud Company
Jazan	06/05/1437 (H)	5900033979	Al-Majed for Oud Company
Sabya	28/05/1437 (H)	5906034157	Al-Majed for Oud Company
Najran	07/07/1435 (H)	5950029739	Al-Majed for Oud Company
Riyadh	15/09/1402 (H)	1010045397	Al-Majed for Oud Company
Riyadh	11/07/1444 (H)	1010859164	Al-Majed for Oud Company
Dubai	11/02/1443 (H)	979510	Al-Majed for Oud Company
Bahrain	03/09/1442 (H)	1-145006	Al-Majed for Oud Company
Kuwait	27/04/1443 (H)	384501	Al-Majed for Oud Company
Oman	20/10/1442 (H)	1388837	Al-Majed for Oud Company

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2. BASIS OF PREPARATION

The accompanying consolidated financial statements have been prepared in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA"). Wherever the phrase "International Financial Reporting Standards" appears in these notes, it refers to "International Financial Reporting Standards endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA)".

The accompanying consolidated financial statements of the Company have been prepared under the historical cost convention, except for employee end-of-service benefits liabilities and financial investments at fair value through comprehensive income in accordance with the paragraphs on the significant accounting policies applied by the Company.

These consolidated financial statements of the Company are presented in Saudi Riyals (SR) which is also the functional currency of the Company. All amounts are rounded to the nearest Saudi Riyals (SR) unless otherwise stated. The Company's financial year starts on the first of January and ends at the end of December of each Gregorian calendar year.

3. MATERIAL ACCOUNTING POLICIES

The Company has consistently applied the following accounting policies to all periods presented in these consolidated financial statements unless otherwise stated.

3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2024.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has the following:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee, if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (Continued)

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. When a Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in the consolidated statement of comprehensive income. Any interest retained in the former subsidiary is measured at fair value when control is lost.

3.2 New standards, interpretations and amendments

New standards, interpretations, and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the International Accounting Standards Board ("IASB") that are effective in future accounting periods that the Company has decided not to adopt early.

<u>IFRS</u>	<u>Summary</u>	<u>Effective date</u>
IAS 21	Amendment – Lack of Exchangeability	1 January 2025
IFRS 9 and IFRS 7	Amendments regarding the classification and measurement of financial instruments	1 January 2026
<u>Annual Improvements to IFRS Accounting Standards</u>	Amendments/Annual improvements in IFRS 1, IFRS 7, IFRS 9, IFRS 10, IAS 7	1 January 2026
IFRS 18	Presentation and Disclosures in Financial Statements	1 January 2027
IFRS 19	Disclosures – Subsidiaries without Public Accountability	1 January 2027

The Company is currently assessing the impact of these new accounting standards and amendments. The Company does not expect any standard issued by IASB that are yet to be effective, to have a material impact on the Company.

New standards, interpretations, and amendments effective in the current year

The following are the new standards, interpretations and amendments to standards that are effective in the current year, but they have no impact on these financial statements.

<u>IFRS</u>	<u>Summary</u>	<u>Effective date</u>
IFRS 16	Amendment – Lease Liability in a Sale and Leaseback	1 January 2024
IAS 1	Classification of Liabilities as Current or Non-Current	1 January 2024
IAS 1	Amendment – Non-current Liabilities with Covenants	1 January 2024
IAS 7 and IFRS 7	Amendment – Supplier Finance Arrangements	1 January 2024

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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.3 Current versus non-current classification

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

- The Company expects to realize the asset or intends to sell or consume it in a normal operating cycle;
- The Company holds the asset primarily for the purpose of trading;
- The Company expects to realize the asset within twelve months from the financial year (period); or
- The asset is cash or cash equivalent unless it is 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:

- The liability is expected to be settled in a normal operating cycle;
- The liability is held primarily for the purpose of trading;
- The liability is due to be settled within twelve months after the reporting period; or
- The Company has no right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

3.4 Fair values measurement of assets and liabilities

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or (the most advantageous market) must be accessible by the Company at the measurement date. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would utilize the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable market data, as appropriate, and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in consolidated financial statements are classified in the fair value hierarchy. This is described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1

Quoted (unadjusted) prices in active markets for identical assets or liabilities being measured.

Level 2

Inputs other than the quoted price included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3

Inputs for the asset or liability that are unobservable (not based on observable market data).

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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.4 Fair values measurement of assets and liabilities (Continued)

For assets and liabilities that are presented in the consolidated financial statements at fair value regularly, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

At each reporting date, the company analyses the changes in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies. For this analysis, the company verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. The company also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

3.5 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, classification, and presentation

The Company recognizes financial assets or financial liabilities in its statement of financial position when it becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial instruments at the time of initial recognition.

The Company classifies its financial assets as follows:

- A) Fair value (either through other comprehensive income or through profit or loss); and
- B) Amortized cost

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. The Company has classified all non-derivative financial liabilities at amortized cost.

Measurement

Initial Measurement

Financial assets and financial liabilities are measured initially at fair value plus transaction costs that are directly attributable to the acquisition or disposal of financial assets and liabilities or deducted from them (Except for financial assets and liabilities at fair value where transaction costs are directly attributable to the acquisition of financial assets or liabilities are recognized directly in the statement of profit or loss and other comprehensive income ("OCI").

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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.5 Financial Instruments (Continued)

3.5.1 Subsequent measurement of financial assets

The subsequent measurement of non-derivative financial assets depends on their classification as follows:

3.5.1.1 Financial assets measured at amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost using the effective interest rate ("EIR") method. Interest income from these financial assets is included in finance income.

The Company's financial assets, at amortized cost, include cash and cash equivalent, trade receivables, and other financial assets at amortized cost.

Trade receivables

Most sales are made based on normal credit terms, and the receivables do not bear interest. As for goods sold to the customer on a short-term credit basis, receivables are initially recognized as non-deductible amounts of cash receivable. It is usually the invoice price for the goods sold to the customer on interest-free credit. The receivable's present value is initially recognized using the prevailing market interest rate for similar receivables. At the end of each reporting period, the carrying amounts of trade receivables are reviewed by management to determine whether there is any objective evidence that these amounts are non-refundable. If such amounts are non-refundable, the impairment loss is recognized directly in the statement of income.

3.5.1.2 Financial assets measured at fair value through profit or loss (FVTPL)

Financial assets measured at fair value through profit or loss are re-measured to fair value at each financial reporting date without the deduction of transaction costs that the Company may incur on the sale or disposal of the financial asset in the future.

3.5.1.3 Financial assets measured at fair value through other comprehensive income (FVOCI)

Financial assets measured at fair value through other comprehensive income are remeasured at fair value at the date of each financial report.

The Company classifies its investments in Saudi Aramco, Almanjam Food Company, Saudi Telecom Company (STC), and Saudi Aramco Base Oil Company-Luberef as a financial asset at fair value through other comprehensive income.

When the financial asset is derecognized, the accumulated fair value adjustments that are recognized in OCI are reclassified to profit or loss in the case of debt instruments. However, there is no subsequent reclassification of fair value gains and losses to profit or loss in the case of equity instruments.

The following are the recognition and presentation of profits and losses for each measurement category:

Measurement Category	Recognition and Presentation of Profits and Losses
Amortized cost	<p>The following items are recognized in the profit or loss statement:</p> <ul style="list-style-type: none">• interest income using the effective interest method;• expected credit losses and reversals; and• foreign currency exchange gains and losses. <p>When the financial asset is derecognized, the gain or loss is recognized in profit or loss.</p>

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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.5 Financial Instruments (Continued)

3.5.1 Subsequent measure of financial assets (Continued)

Measurement Category	Recognition and Presentation of Profits and Losses
Fair Value through other comprehensive income (FVOCI) – Debt instruments	Profits and losses are recognized in OCI, except for the following items, which are recognized in the statement of profit or loss in the same manner as for financial assets measured at amortized cost: <ul style="list-style-type: none">• interest income using the effective interest method;• expected credit losses and loss reversals; and• foreign currency exchange gains and losses.
Fair value through other comprehensive income (FVOCI) – equity investments	Profits and losses are recognized in other comprehensive income. Dividends are recognized in profit or loss unless they clearly represent a repayment of part of the cost of the investment. The amounts recognized in OCI are not reclassified to profit or loss under any circumstances.
Fair value through profit or loss (FVTPL)	Profits and losses, both on subsequent measurement and derecognition, are recognized in profit or loss.

Impairment of Financial Assets

The Company recognizes an allowance for expected credit losses (“ECLs”) for all debt instruments. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivable, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 150 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The Company’s policy measures ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

Presentation of impairment of assets

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.5 Financial Instruments (Continued)

3.5.1 Subsequent measure of financial assets (Continued)

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognized (i.e., removed from the Company's statement of financial position) when:

- the rights to receive cash flows from the asset have expired, or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the financial asset is derecognized, the accumulated fair value adjustments that are recognized in OCI are reclassified to profit or loss in the case of debt instruments. However, there is no subsequent reclassification of fair value gains and losses to profit or loss in the case of equity instruments.

3.5.2 Subsequent measure of financial liabilities

3.5.2.1 Amortized cost

Subsequent to initial recognition, financial liabilities are measured at amortized cost calculated under the effective interest method except for the following liabilities; measured at FVTPL.

1. That arises when a transfer of a financial asset does not qualify for derecognition or is accounted for using the continuous involvement approach;
2. That are commitments to provide a loan at a below-market interest rate and not measured at fair value through profit or loss;
3. That are financial guarantee contracts; and
4. Contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies. Such contingent consideration shall subsequently be measured at fair value with changes recognized in the statement of profit or loss.

Profits or losses on financial liabilities that are measured at fair value are recognized in a statement of profit or loss.

3.5.2.2 Financial liabilities at Fair Value through profit or loss (FVTPL)

Financial liabilities under this category include:

1. Liabilities held for trading; and
2. Those designated at FVTPL.

After initial measurement, the Company measures financial liabilities at fair value while recognizing changes in the profit or loss statement.

Gains or losses on a financial liability designated at FVTPL are generally split and presented as follows:

1. The amount of change in the fair value of the financial liability that can be attributed to changes in credit risk for those financial liabilities is presented in the other comprehensive income; and
2. The remaining amount of change in the fair value of the financial liability is presented in the statement of profit or loss.

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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.5 Financial Instruments (Continued)

3.5.2 Subsequent measurement of financial liabilities (Continued)

3.5.2.3 Liabilities other than financial liabilities at Fair Value through profit or loss (FVTPL)

Financial liabilities are measured at amortized cost using the effective interest rate method. The proceeds from issuing debt are adjusted over the life of the debt so that the carrying amount at maturity is the amount repayable at maturity.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss and other comprehensive income.

3.5.3 Offsetting of financial instruments

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

3.6 Prepayments and other debit balances

Prepayments are recognized if payment has been made in advance of obtaining the right of access to receipt of services and measured at nominal amounts. These are derecognized and charged to profit or loss either with the passage of time or through use or consumption.

Prepayments are included in current assets, except when the related goods or services are expected to be received and rendered more than twelve months after the end of the reporting period, in which case, these are classified as non-current assets.

3.7 Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is calculated using the weighted average method, consisting of the purchase cost and other costs incurred in delivering the inventory to its location and current condition. Net realizable value represents the estimated selling price in the ordinary course of the business less estimated costs necessary to be incurred to make the sale.

Inventory is reduced based on current market conditions, historical experience, and the sale of goods of a similar nature. It could change significantly as a result of changes in market conditions. A review is made periodically on inventories for excess inventories, obsolescence and decline in net realizable value and an allowance is recorded against the inventory balances for any such decline.

3.8 Property, Plant and Equipment

Property, Plant and Equipment are stated at cost less accumulated depreciation and any accumulated impairment losses (if any). Such cost includes all costs directly attributable to the construction or acquisition of the asset in the location and condition necessary for its intended use. Significant parts of Property, Plant and Equipment are depreciated separately from other parts.

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MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.8 Property, Plant and Equipment (Continued)

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when future economic benefits associated with the item are likely to flow to the Company and the item cost can be measured reliably. Main renovations are depreciated over the earlier of the remaining useful life of the relevant asset or until the next main renewal date. Repairs and maintenance are charged to the profit or loss account during the financial period in which they were incurred.

Depreciation is calculated on a straight-line basis over its estimated useful life as follows:

<u>Asset</u>	<u>Years</u>
Machinery and equipment	10
Buildings	20
Advertising boards	10
Computers and electronic equipment	4
Vehicles and Transportation	4
Office Furniture and Fixtures	10
Leasehold improvements	As per lease term

The carrying amounts of Property, Plant and Equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, which is higher than their fair value less cost to sell and their value in use.

An item of Property, Plant and Equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on the de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognized.

The residual values, useful lives and methods of depreciation of Property, Plant and Equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Intangible Assets

Intangible assets are recorded in the statement of financial position at cost less accumulated amortization and accumulated impairment losses.

The useful lives are assessed to be either finite or indefinite. Finite intangible assets are amortized over their economic useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting year, with the effect of any changes in estimates being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses

Intangible assets with indefinite useful lives are not amortized but are tested for impairment, either individually or at the cash-generating unit level. The useful life of intangible assets with indefinite useful lives is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the useful life is changed from indefinite to finite on a prospective basis.

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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.8 Property, Plant and Equipment (Continued)

Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in the statement of profit or loss when the asset is derecognized

Software costs associated with maintaining software programs are recognized as an expense as incurred.

- It is technically feasible to complete the Software so that it will be available for use.
- Management intends to complete the software and use or sell it.
- There is an ability to use or sell the software.
- It can be demonstrated how the software will generate probable future economic benefits.
- Adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- The expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the software include employee costs and an appropriate portion of relevant overheads. Capitalized development costs are recorded as intangible assets and amortized from the point at which the asset is ready for use. Research expenditure and development expenditure that do not meet

the criteria above are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

3.9 Leases - IFRS 16

The Company assesses whether a contract contains a lease at contract inception. For all such lease arrangements, the Company recognizes the right-of-use assets and lease liabilities except for the short-term leases and leases of low-value assets as follows:

Company as a lessee

At the lease commencement date, the Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (leases with a lease term of 12 months or less) and leases of low-value assets, for which the Company recognizes the lease payments as an operating expense (unless they are incurred to produce assets) on a straight line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Companies lease components include vehicles, rented showroom and warehouses.

Lease Liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. In general, the Company uses its incremental borrowing rate as the discount rate which has been used to measure all the lease liabilities recognized.

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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.9 Leases - IFRS 16 (Continued)

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

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

The lease liability is presented as a separate line in the statement of financial position, classified as current and non-current

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest rate method) and by reducing the carrying amount to reflect the lease payments made. The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset whenever:

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

Right-of-use

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of the lease term or the economic useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the economic useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position, unless the right-of-use asset meet the definition of investment property and in such case, it is presented in the consolidated statement of financial position within investment property.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset, and the related payments are recognized as an expense (unless they are incurred to produce assets) in the period in which the event or condition that triggers those payments occurs.

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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.10 Impairment of non-financial assets

The carrying values of non-financial assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. To assess impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Value in use requires entities to make estimates of future cash flows to be derived from the particular asset, and discount them using a pre-tax market rate that reflects current assessments of the time value of money and the risks specific to the asset.

Impairment losses, if any, are recognized in the statement of profit or loss and other comprehensive income within other expenses.

Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. When an impairment loss is subsequently reversed, the carrying amount of the assets or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount should 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.

Reversals of previously recorded impairment provisions are credited against the provision account in the statement of profit or loss and other comprehensive income.

3.11 Payables and other credit balances

These amounts represent liabilities relating to goods and services provided to the Company before the end of the financial year which have not been paid. The amounts are unsecured and are usually paid within 30 days of recognition.

Trade payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

3.12 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 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 the provisions to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

The expenses related to the provision are presented in profit or loss, net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax 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 charge.

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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.13 Employee benefits

Short-term employee benefits

Short-term employees' benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid 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.

Post-employment obligation

The Company operates a post-employment benefit scheme plans driven by the labor laws of the Kingdom of Saudi Arabia.

The post-employment benefits plans are not funded. Valuations of the obligations under those plans are carried out by an independent actuary based on the projected unit credit method.

The costs relating to such plans primarily consist of the present value of the benefits attributed on an equal basis to each year of service and the interest on this obligation in respect of employee service in previous years.

Current and past service costs related to post-employment benefits are recognized immediately as "Employee costs" in profit or loss while unwinding of the liability at discount rates used are recorded as "Financial charges".

Any changes in net liability due to actuarial valuations and changes in assumptions are taken as re-measurement in other comprehensive income.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. Re-measurements are not reclassified to profit or loss in subsequent periods.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service costs.

Valuations of the obligations under the plan are carried out using actuarial techniques on the projected unit credit method.

The costs relating to such plan primarily consist of the present value of the benefits attributed on an equal basis to each year of service and the interest on this obligation in respect of employee service in previous years.

Current and past service costs related to post-employment benefits are recognized immediately in the statement of profit or loss while unwinding of the liability at discount rates used are recorded as financial cost.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized directly in other comprehensive income and transferred to other reserves in the statement of changes in equity in the period in which they occur.

Changes in the present value of the defined benefit obligations resulting from plan amendments or curtailments are recognized immediately in the statement of profit or loss as past service costs.

End of service payments are based on employees' final salaries and allowances and their cumulative years of service, as stated in the laws of the respective countries in which the Company operates.

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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.14 Revenue

Revenue is measured based on the consideration specified in a contract with a customer excluding amounts collected on behalf of third parties, if any. Revenue is recognised in the Consolidated Statement of Profit or Loss when a performance obligation is satisfied, at the price allocated to that performance obligation. This is defined as the point in time when control of the products has been transferred to the customer. Sales revenue exclude value added tax (VAT) collected. Sales are shown in the consolidated statement of income net of returns, loyalty points and any discount given.

The following is a description of principal activities, from which the Group generates its revenue:

Retail sales

This revenue stream comprises of revenue generated from sale of products through Al Majed retail outlets.

Revenue from the sale of oud, musk, incense, saffron, oriental and western perfumes, cosmetics, bags, glasses, antiques, gifts and ornamental flowers are recognized at the time when the performance obligation is fulfilled when the goods are sold and delivered and control of the product is transferred to the customer, which is considered to be at the point of sale. Payment of the transaction price is due immediately when the customer purchases the product.

The Group's return policy grants customers the right of return within seven days with certain requirements and certain exceptions.

Business to business (B2B)

This revenue stream comprises of revenue generated from sale of products to business clients. The company sale its products to different B2B client's which resale those products through their websites and other electronic platforms.

Sales are recognized when the products are delivered to the customer and the Group has objective evidence that all criteria for acceptance have been satisfied. Typically, this type of sales involves credit terms of 30-60 days, and for certain customers, goods are returnable within 90 days provided goods are in their original condition.

Online sales

Sales are also conducted online through "almajed4oud.com" website and "Almajed4oud" application. Sales are recognized when the products are delivered to the customers by the shipping agent. Payment of the transaction price is normally received upon or before placing online orders and recognized as a liability until the recognition of sales.

Manufacturing service

The Company generates revenue from manufacturing services, including production, packaging, and wrapping of client products in accordance with a pre-agreed production plan. Under these arrangements, clients provide partial of raw materials, and the final products are manufactured at the Company's facility.

Revenue from manufacturing services is recognized at a point in time when the performance obligation is satisfied, which occurs upon completion of the manufacturing process and the control of finished products is transferred to the client. This assessment is based on objective criteria such as completion of production, quality inspection, and client acceptance, where applicable.

Revenue is measured at the transaction price agreed upon with the client, net of any discounts, rebates, or other price adjustments.

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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.14 Revenue (Continued)

For all types of sales, historical experience suggests that the amount of returns is immaterial, and accordingly, no refund liability is recognized at the time of sale. The validity of this conclusion is assessed at each reporting date. If the returns pattern changed, the Group would recognize a refund liability and corresponding asset (right to the returned goods) for products expected to be returned, with revenue and related cost of sales adjusted accordingly.

In all the above types, the stated price is the transaction price, and the Group does not have contracts where the period between the transfer of the promised goods to the customer and payment by the customer exceeds one year, and as a result, the Group does not adjust transaction prices for the time value of money.

Loyalty points

The company defers recognition of variable consideration of incentives arising from the customers' loyalty program where the company estimates this consideration based on practice and previous experience of the business.

Then, the consideration is recognized as a liability until it is utilized by the customers. Sales amount is reduced by the amount of the liability being recognized as deferred income. Subsequently, this liability is transferred to sales upon utilization or when the right to utilize expires.

3.15 Zakat and indirect taxes

The Company is subject to Zakat in accordance with the regulations of the Zakat, Tax and Customs Authority ("ZATCA"). Zakat provision is charged to profit or loss. Additional amounts payable, if any, upon completion of the final assessment are calculated when determining such amounts.

Value-added tax ("VAT")

Revenues, expenses and assets are recognized net of the amount of VAT, except for:

- where the VAT incurred on a purchase of assets or services is not recoverable from the tax authority, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- in case of receivables and payables that are stated with the amount of VAT included.

The net amount of VAT recoverable from or payable to the tax authority is classified as an asset or a liability, respectively, in the statement of financial position.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences.

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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.15 Zakat and indirect taxes (Continued)

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

3.16 Foreign currencies

Foreign currency transactions are initially recognised by the Company's branches at their respective functional currencies' spot rate at transaction date. At the reporting date, monetary assets and liabilities denominated in foreign currencies are converted into SAR at the exchange rates ruling on such date.

Any resulting exchange differences are charged or credited to the Statement of Profit or Loss as appropriate.

As at the reporting date, the assets and liabilities of the foreign branches are translated into SAR, at the rate of exchange ruling at the statement of financial position date and their statement of profit or loss are translated at the weighted average exchange rates for the year.

Components of equity, other than retained earnings, are translated at the rate ruling at the date of occurrence of each branch. Translation adjustments in respect of these components of equity are recorded through statement of other comprehensive income as a separate component of equity.

3.17 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including those arising from transactions with other components of the Company.

The operating results of all segments are regularly reviewed by the Company's management with revenue being the primary performance indicator to make decisions regarding the allocation of resources to the segment and to evaluate its performance, with discrete financial information available for each segment.

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4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the consolidated financial statements in conformity with IFRS as endorsed in KSA requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenue and expenses during the reporting period.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates, by definition, may differ from the related actual results.

Significant areas where management has used estimates, assumptions or exercised judgements are as follows:

Assumption and estimation uncertainties

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a risk of causing an 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 consolidated 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.

Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amount of its non-financial assets to ensure that there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use or its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-zakat discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest Company of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (cash-generating units).

If there is an indication that an asset may be impaired, then the recoverable amount is determined for the CGU to which the asset belongs.

An impairment loss is recognized if the carrying amount of an asset or a cash-generating unit exceeds the recoverable amount. Impairment losses are recognized in the statement of profit or loss in the statement of comprehensive income.

Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

For non-financial assets, except goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the assets or CGU's recoverable amount.

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4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized.

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

Impairment losses on trade and other receivables

Trade and other receivables are recognized at amortized cost and reduced by appropriate allowances for estimated irrecoverable amounts. Estimated irrecoverable amounts are determined using the expected credit loss method. Individual trade receivables are written off when management deems them not to be collectable.

Estimating the incremental borrowing rate

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 (such as for subsidiaries that do not enter into financing transactions) 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 (such as the stand-alone credit rating).

Useful lives of property, plant, and equipment

Useful lives of property, plant, and equipment are estimated according to new facts available to the Company's management. The estimated useful lives of property, plant, and equipment are determined by management to calculate depreciation.

This estimate is determined after taking into account the expected use of assets or physical damage to assets. Management reviews the residual value and useful lives annually and changes in depreciation expenses (if any) are adjusted in the current and future periods.

Impairment of inventories

Inventories are held at the lower of cost or net realizable value. When inventories become old or obsolete, an estimate is made for their market value. For individual significant amounts, this estimate is made on an individual basis.

Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision is applied according to the inventory type and the degree of ageing or obsolescence, based on anticipated selling prices.

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4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Going concern

Management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future.

Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on the going concern basis.

Significant judgment in determining the lease term of contracts with renewal 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 options. 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 the renewal.

After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

Employees end of service benefits

The present value of the employees end of service benefits is determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future.

These include the determination of the discount rate, future salary increases, mortality rates and future pension increases.

Due to the complexity of the valuation, the underlying assumptions, and its long-term nature, a DBO is highly sensitive to changes in these assumptions. All assumptions are reviewed annually.

Discount rate

For selecting the discount rate, we have considered the yield on Government bonds of duration equal to the duration of the liability.

Mortality rate

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at intervals in response to demographic changes.

Salary and future pension increase

Estimates of future salary increase, takes into account inflation, seniority, promotion and past history.

Fair value measurement of financial instruments

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is determined using valuation techniques including the DCF model.

Inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values.

The judgments include consideration of inputs such as liquidity risk, credit risk and volatility. Changes in the assumptions relating to these factors can affect the disclosed fair value of the financial instruments.

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5. PROPERTY, PLANT AND EQUIPMENT

FOR THE YEAR ENDED 31 DECEMBER 2024	Machinery and equipment	Lands	Buildings	Computers and electronic equipment	Vehicles	Furniture and office equipment	Leasehold improvements	Projects under construction	Total
<u>Cost</u>									
At 1 January 2024	12,023,378	43,118,664	26,155,148	22,447,883	4,876,286	7,253,520	112,140,532	3,525,080	231,540,491
Additions	592,802	-	-	3,283,069	1,623,253	2,700,309	375,551	34,401,323	42,976,307
Transferred from PUC	-	-	-	2,145,530	-	5,688,642	24,748,061	(32,582,233)	-
Disposals	(941,310)	-	-	(349,941)	(5,000)	(169,970)	(1,557,320)	-	(3,023,541)
Foreign currency translation differences	(53)	-	-	(291)	(368)	(133)	181	(170)	(834)
At 31 December 2024	11,674,817	43,118,664	26,155,148	27,526,250	6,494,171	15,472,368	135,707,005	5,344,000	271,492,423
<u>Accumulated Depreciation</u>									
At 1 January 2024	8,979,866	-	7,440,649	15,101,280	3,767,507	2,260,948	61,389,676	-	98,939,926
Depreciation for the year	900,384	-	1,307,757	3,662,214	579,725	1,065,561	25,998,091	-	33,513,732
Disposals	(935,581)	-	-	(330,441)	(4,999)	(169,959)	(764,800)	-	(2,205,780)
Foreign currency translation differences	(46)	-	-	(164)	(16)	(7)	(1,091)	-	(1,324)
At 31 December 2024	8,944,623	-	8,748,406	18,432,889	4,342,217	3,156,543	86,621,876	-	130,246,554
<u>Net Book Value:</u>									
At 31 December 2024	2,730,194	43,118,664	17,406,742	9,093,361	2,151,954	12,315,825	49,085,129	5,344,000	141,245,869
At 31 December 2023	3,043,512	43,118,664	18,714,499	7,346,603	1,108,779	4,992,572	50,750,856	3,525,080	132,600,565

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5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

For the year ended 31 December 2023	Machinery and equipment	Lands	Buildings	Computers and electronic equipment	Vehicles	Furniture and office equipment	Leasehold improvements	Projects under construction	Total
Cost									
At 1 January 2023	11,518,205	27,349,904	16,614,095	18,317,503	3,848,636	7,912,795	88,500,328	4,691,862	178,753,328
Additions	511,379	15,768,760	9,579,640	2,424,609	1,028,296	837,452	1,442,567	25,382,455	56,975,158
Transferred from PUC	2,246	-	-	2,043,374	-	-	24,503,756	(26,549,376)	-
Disposals	(8,325)	-	(38,587)	(336,625)	-	(1,496,293)	(2,295,796)	-	(4,175,626)
Foreign currency translation differences	(127)	-	-	(978)	(646)	(434)	(10,323)	139	(12,369)
At 31 December 2023	12,023,378	43,118,664	26,155,148	22,447,883	4,876,286	7,253,520	112,140,532	3,525,080	231,540,491
Accumulated Depreciation									
At 1 January 2023	8,049,279	-	6,241,080	12,040,199	3,430,121	2,813,696	41,658,924	-	74,233,299
Depreciation for the year	935,528	-	1,201,208	3,381,536	337,899	655,186	21,849,610	-	28,360,967
Disposals	(4,910)	-	(1,639)	(319,922)	-	(1,207,743)	(2,115,251)	-	(3,649,465)
Foreign currency translation differences	(31)	-	-	(533)	(513)	(191)	(3,607)	-	(4,875)
At 31 December 2023	8,979,866	-	7,440,649	15,101,280	3,767,507	2,260,948	61,389,676	-	98,939,926
Net Book Value:									
At 31 December 2023	3,043,512	43,118,664	18,714,499	7,346,603	1,108,779	4,992,572	50,750,856	3,525,080	132,600,565
At 31 December 2022	3,468,926	27,349,904	10,373,015	6,277,304	418,515	5,099,099	46,841,404	4,691,862	104,520,029

The depreciation charged for the year was allocated as follows:

	For the year ended 31 December	
	2024	2023
Cost of revenue (Note 21)	3,313,889	2,795,863
Selling and marketing expenses (Note 22)	29,239,261	24,530,032
General and administrative expenses (Note 23)	960,582	1,035,072
	<u>33,513,732</u>	<u>28,360,967</u>

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6. LEASES

Information about leases for which the Company is a lessee is presented below:

6.1 Right-of-use Assets

	31 December 2024	31 December 2023
Cost		
Balance as at the beginning of the year	461,359,649	409,624,870
Additions during the year	104,993,557	77,424,775
Disposals during the year	(84,110,682)	(36,827,133)
Lease modifications (*)	1,499,084	11,271,158
Foreign Currency translation difference	16,743	(134,021)
Balance as at the end of the year	483,758,351	461,359,649
Accumulated amortization		
Balance as at the beginning of the year	228,171,624	168,776,272
Amortization charge for the year	86,074,146	77,287,771
Disposals during the year	(67,381,167)	(17,849,996)
Foreign Currency translation difference	(12,111)	(42,423)
Balance as at the end of the year	246,852,492	228,171,624
Net book value	236,905,859	233,188,025

The amortization charge for the year was allocated as follows:

	For the year ended 31 December	
	2024	2023
Cost of revenue (Note 21)	1,957,844	1,539,661
Selling and marketing expenses (Note 22)	83,938,901	75,378,508
General and administrative expenses (Note 23)	177,401	369,602
	86,074,146	77,287,771

6.2 Lease Liabilities

	31 December 2024	31 December 2023
Balance at the beginning of the year	218,524,305	227,622,001
Additions during the year	104,993,557	77,374,234
Disposals during the year	(16,442,698)	(20,554,804)
Finance costs (Note 24)	12,016,803	9,796,494
Payments made during the year	(95,958,563)	(83,923,506)
Lease concessions (Note 25)	(1,475,000)	(1,519,410)
Lease modifications (*)	1,499,084	9,817,915
Foreign Currency translation difference	30,060	(88,619)
Balance at the end of the year	223,187,548	218,524,305

(*) The modifications arise from changes in the terms and payment schedules of existing lease agreements, resulting in corresponding modifications to the right-of-use assets and lease liabilities.

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6. LEASES (CONTINUED)

6.2 Lease Liabilities (Continued)

The lease liability is presented in the statement of financial position as follows:

	31 December 2024	31 December 2023
Current portion	80,425,445	72,383,940
Non-current portion	142,762,103	146,140,365
	<u>223,187,548</u>	<u>218,524,305</u>

7. INTANGIBLE ASSETS

	31 December 2024	31 December 2023
Cost		
Balance at 1 January	4,855,395	3,637,161
Additions during the year	4,687	1,218,244
Disposals during the year	(522,129)	-
Foreign Currency translation difference	22	(10)
Balance at the end of the year	<u>4,337,975</u>	<u>4,855,395</u>
Accumulated amortization		
Balance at 1 January	3,193,758	2,332,310
Amortization charge for the year	425,757	861,458
Disposals during the year	(141,787)	-
Foreign Currency translation difference	22	(10)
Balance as at the end of the year	<u>3,477,750</u>	<u>3,193,758</u>
Net book value	<u>860,225</u>	<u>1,661,637</u>

The amortization charge for the year was allocated as follows:

	Year ended December 31,	
	2024	2023
Selling and marketing expenses (Note 22)	279,062	227,940
General and administrative expenses (Note 23)	146,695	633,518
	<u>425,757</u>	<u>861,458</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI)

	31 December 2024	31 December 2023
Balance at the beginning of the year	4,618,879	3,440,970
Additions during the year (*)	127,864	374,253
Disposals	(3,911,717)	-
Change in fair value	1,239,012	803,656
Net impact of disposal of equity instrument at fair value	(2,074,038)	-
Balance at the end of the year	<u>-</u>	<u>4,618,879</u>

(*) During the year, the company's management purchased additional 3,313 shares of Saudi Telecommunications Company (STC) with a nominal value of SAR 38.78 per share. During the year the company disposed all of its investments held at FVOCI.

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9. INVENTORIES

	31 December 2024	31 December 2023
Raw and packaging materials	110,427,939	104,552,249
Finished goods	138,716,010	154,999,562
Goods in process	12,297,463	10,070,247
Consumables	26,668,701	32,882,292
Goods in transit	28,130,770	125,383
Less: Provision for slow-moving inventories (a)	(2,673,726)	(12,445,031)
	<u>313,567,157</u>	<u>290,184,702</u>

(a) The movement in the provision for slow-moving inventories and consumables were as follows:

	31 December 2024	31 December 2023
Balance at the beginning of the year	12,445,031	17,800,170
Reversal provision during the year	(1,673,962)	(2,476,007)
Used during the year (*)	(8,098,033)	(2,878,603)
Foreign currency translation differences	690	(529)
Balance at the end of the year	<u>2,673,726</u>	<u>12,445,031</u>

(*) During the year ended 31 December 2024, the Company utilized an amount of SAR 8,098,033 from the provision for slow-moving inventory and consumables as follows:

An amount of 6,323,922 related to consumables inventory, and an amount of SAR 1,774,111, for the write-off slow-moving inventory.

10. TRADE RECEIVABLES

	31 December 2024	31 December 2023
Trade Receivables	5,946,492	9,546,315
Less: Expected credit losses (a)	(47,628)	(210,314)
	<u>5,898,864</u>	<u>9,336,001</u>

	31 December 2024	31 December 2023
Ageing of trade receivables		
Neither past due nor low in value	5,075,192	5,084,212
30-60 days	506,461	3,341,481
61-90 days	101,282	789,049
91-360 days	263,557	331,573
Total	<u>5,946,492</u>	<u>9,546,315</u>

Receivables that have not decreased in value are fully recoverable. Since it is not the practice of the company to obtain collateral for receivables, this makes them unsecured.

The company uses a simplified model approach to estimate expected credit losses that is consistent with the requirements of IFRS 9 and is based on an assessment of trade receivable balances on a collective basis and companying them based on shared credit risk characteristics and due dates.

The estimated amount of expected credit losses is measured based on a number of indicators, historical and current information, and future expectations.

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10. TRADE RECEIVABLES (CONTINUED)

Indicators of impairment in trade receivables are reviewed at the end of the reporting period. The allowance for expected credit losses is adjusted to reflect any periodic changes in those indicators. In the management's opinion, there was no impairment of trade receivables other than what has been recorded as an allowance for expected credit losses. There were no changes in estimation methods or significant assumptions during the current year

(a) The movement in the expected credit losses was as follows:

	31 December 2024	31 December 2023
Balance at the beginning of the year	210,314	99,277
Allowance during the year (Note 22)	-	111,100
Reversal during the year	(162,779)	-
Foreign currency translation differences	93	(63)
Balance at the end of the year	47,628	210,314

11. RELATED PARTIES

Related party relationships exist when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercises significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities, which are under common control with the reporting enterprise, or between, and/or among the reporting enterprise and its key management personnel, directors, or shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

There were no special terms and conditions with the aforementioned related parties as compared to unrelated parties. Outstanding balances at the period-end are unsecured and are settled in cash. There have been no guarantees provided or received for any related party balances.

11.1 Related party transactions

The following are the details of the significant transactions with related parties during the year ended 31 December:

Related Party Name	Nature of Relationship
Khalta for Perfumes Company	Affiliate
Aromatic Mixture Company	Affiliate
Reef Perfumes Trading Company	Affiliate
Emma Otari Perfumes Company	Affiliate
Osus Real Estate Company	Affiliate
Khalid Ali Othman Al Majid Real Estate Development Co	Affiliate
Ali Al Majid Sons Foundation	Affiliate
Shurfah Al-Maskn Real Estate services Company	Affiliate
Khalid bin Ali bin Othman Al-Majed	Shareholder
Saad bin Ali bin Othman Al-Majed	Shareholder
Sulaiman bin Ali bin Othman Al-Majed	Shareholder
Majed bin Ali bin Othman Al-Majed	Shareholder
Bader bin Ali bin Othman Al-Majed	Shareholder
Muhammad bin Ali bin Othman Al-Majed	Shareholder
Waleed Bin Khalid Al Majid	CEO

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11. RELATED PARTIES (CONTINUED)

11.1 Related parties transactions (Continued)

Nature of Transactions	Relationship	2024	2023
Services Rendered			
Reef Perfumes Trading Company	Affiliate	12,798,686	7,276,984
Aromatic Mixture Company	Affiliate	454,931	929,917
Emma Otari Perfumes Company	Affiliate	400,370	185,755
Sale of Goods			
Osus Real Estate Company	Affiliate	-	138,112
Ali Al Majid Sons Foundation	Affiliate	-	301,761
Waleed Bin Khalid Al Majid	CEO	-	28,150
Construction Contract Expenditures			
Shurfah Al-Maskn Real Estate services Company	Affiliate	4,284,900	-
Rent expense			
Shareholders	Major Shareholders	863,326	1,359,480
Reef Perfumes Trading Company	Affiliate	-	103,500
Osus Real Estate Company	Affiliate	-	439,530
Khalid Ali Othman Al Majid Real Estate Development Co	Affiliate	-	423,600
Shared Service Expenses			
Reef Perfumes Trading Company	Affiliate	-	407,907
Osus Real Estate Company	Affiliate	-	407,907
Khalta for Perfumes Company	Affiliate	-	337,999
Debt repaid on behalf of the affiliate			
Khalta for Perfumes Company	Affiliate	-	26,420,322
Zakat paid on behalf of the affiliate			
Khalta for Perfumes Company	Affiliate	-	917,836
IPO and Listing Fees Charged to Shareholders	Major Shareholders	3,878,647	1,941,618
Purchase of Assets	Major Shareholders	-	24,141,332

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11.2 Related parties balances

The following is a summary of the related parties' balances:

	31 December 2024	31 December 2023 (Restated)
Due from related parties		
Khalta for Perfumes Company	-	8,308
Reef Perfumes Trading Company	6,298,686	1,759,562
Aromatic Mixture Company	454,931	276,516
Emma Otari Perfumes Company	20,904	185,755
Ali Al Majid Sons Foundation	-	38,156
	6,774,521	2,268,297
Expected credit loss (a)	(27,938)	-
	6,746,583	2,268,297

(a) The movement in allowance for expected credit losses from related parties is as follows:

	31 December 2024	31 December 2023
Balance as at the beginning of the year	-	-
Charged during the year	27,938	-
Balance at the end of the year	27,938	-

	31 December 2024	31 December 2023 (Restated)
Due to related parties		
Major Shareholders	-	48,058,382

11.3 Key management personnel compensation

	For the year ended 31 December	
	2024	2023
Salaries and short-term benefits	9,542,941	7,308,122
End of service benefits	1,700,637	300,795
	11,243,578	7,608,917

12. PREPAYMENTS AND OTHER DEBIT BALANCE

	31 December 2024	31 December 2023
Advances to trade payables	34,891,422	23,911,730
Refundable Insurance	8,275,345	7,336,249
Prepaid Expenses	6,160,272	3,690,966
Prepaid rent	5,505,075	2,653,208
Employees Receivables	1,346,676	1,479,544
Others	2,681,017	2,812,978
	58,859,807	41,884,675

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13. CASH AND CASH EQUIVALENTS

	31 December 2024	31 December 2023
Cash in branches	526,501	2,597,291
Cash at banks	29,122,641	51,472,501
	<u>29,649,142</u>	<u>54,069,792</u>

14. END-OF-SERVICE BENEFITS LIABILITY

The Company has an unfunded plan for employee end of service benefits liabilities. Cash generated from operations is considered sufficient to meet employee end of service benefits liabilities as they become due.

The movement in employee end-of-service liability is as follows:

	31 December 2024	31 December 2023
Balance at the beginning of the year	10,852,641	9,022,918
Service cost	3,032,962	2,328,749
Finance cost	653,070	437,984
Payments during the year	(1,306,829)	(1,319,412)
Remeasurement of actuarial liabilities	1,857,094	383,419
Foreign currency translation differences	(354)	(1,017)
Balance at the end of the year	<u>15,088,584</u>	<u>10,852,641</u>

Amounts recognized in the statement of profit or loss:

	31 December 2024	31 December 2023
Current service cost	3,032,962	2,328,749
Finance cost (Note 24)	653,070	437,984
	<u>3,686,032</u>	<u>2,766,733</u>

The principal assumptions used in determining employee benefit liabilities were as follows:

Average	31 December 2024 (Average)	31 December 2023 (Average)
Discount rate	4.95%	4.90%
Salary increase rate	4.00%	4.00%
Retirement age (in years)	60	60

Sensitivity analysis:

	As at 31 December 2024		As at 31 December 2023	
	1% Increase	1% Decrease	1% Increase	1% Decrease
Discount rate	13,954,583	16,440,171	10,024,903	11,838,282
Salary increase rate	16,441,846	13,933,087	11,837,204	10,011,540

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15. LOANS

On 27 December 2021, the Company signed a Sharia-compliant credit facilities agreement with a local commercial bank with an amount of 100,000,000 SAR for a financing period not exceeding one year, to finance the working capital of the company.

The agreement is subject to a commission according to SIBOR plus an agreed profit margin commensurate with the prevailing market prices.

The agreement is secured by a promissory note issued by the Company and the shareholders. The Company has paid the whole amount during the period.

	31 December 2024	31 December 2023
Balance at the beginning of period	45,000,000	-
Proceed during the year	95,000,000	119,000,000
Finance cost for the year (Note 24)	1,688,202	2,017,135
Accrued finance cost for the year	799,249	(799,249)
Finance cost paid during the year	(2,487,451)	(1,217,886)
Repayments during the year	(140,000,000)	(74,000,000)
Balance at the end year	-	45,000,000

16. PAYABLES AND OTHER CREDIT BALANCES

	31 December 2024	31 December 2023
Employee's accruals	19,544,821	15,955,905
Value added tax (VAT)	4,826,512	12,160,486
Loyalty points	3,336,780	1,772,136
Accrued expenses	2,195,716	5,122,241
Others	3,818,756	3,606,517
	33,722,585	38,617,285

17. ZAKAT and TAX

17.1 Zakat charge for the year consists of the following:

	31 December 2024	31 December 2023
Provision for the year	6,628,179	7,928,047

17.2 Provision for Zakat

The movement in the Zakat provision is as follows:

	31 December 2024	31 December 2023
At the beginning of the year	7,928,047	7,596,263
The charge for the year	6,627,138	7,928,047
Zakat settlement of prior-years	-	304,046
Payments during the year	(7,927,006)	(7,900,309)
Balance at the end of the year	6,628,179	7,928,047

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17. ZAKAT and TAX (CONTINUED)

17.3 Zakat assessment status

The Company has filed its Zakat return with the Zakat, Tax and Customs Authority ("ZATCA") and received Zakat certificates for all years up to 2023. It also received a final assessment from the Zakat, Tax and Customs Authority in the Kingdom of Saudi Arabia ("ZATCA") for all years up to the financial year ended 31 December 2018 resulting in differences paid in cash. The Company did not receive a Zakat assessment for the years from 2019 to 2023 from ZATCA.

17.4 Income Tax Charge for the year consists of the following

Income tax represents 15% of the net profits of the Oman branch and 9% for the UAE branch.

18. SHARE CAPITAL

As at 31 December 2024, the Company's capital consists of 250,000,000 SR (2023 250,000,000 SR) divided into 25,000,000 shares (2023: 25,000,000 shares) with a nominal value of 10 SR (2023: 10 SR). During the year the company proceeded with a public offering of 7,500,000 shares, representing 30% of the total shares outstanding.

19. STATUTORY RESERVE

In accordance with the Company's by-laws, 10% of the net profit of the year is transferred to statutory reserve until such reserve reaches 30% of the capital. However, with the introduction of the new Regulations for Companies in Kingdom of Saudi Arabia, the requirement to maintain the statutory reserve is no longer in effect.

On its meeting held on May 05, 2024, the Company's Extraordinary General Assembly approved the transfer of the statutory reserve balance amounting to SAR 42,402,397 to retained earnings.

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20. REVENUE

Below is a breakdown of the Company's revenue from contracts from customers:

	Year ended December 31,	
	2024	2023
Sales	1,691,311,279	1,384,527,459
Services revenue	11,873,032	7,297,961
Sales discount	(777,182,307)	(619,368,254)
	<u>926,002,004</u>	<u>772,457,166</u>

	Year ended December 31,	
	2024	2023
Timing of revenue recognition		
Transfer of goods at a point in time	<u>926,002,004</u>	<u>772,457,166</u>

20.1 Performance obligation

The performance obligation is satisfied at the point of sale.

21. COST OF REVENUE

	Year ended December 31,	
	2024	2023
Cost of goods sold	264,331,370	224,863,889
Provision for slow-moving inventories (Note 9)	(1,673,962)	(2,476,007)
Direct labor	19,692,671	15,439,285
Depreciation of Property, Plant and Equipment (Note 5)	3,313,889	2,795,863
Right of use amortization (Note 6.1)	1,957,844	1,539,661
Others	28,684,687	17,427,183
	<u>316,306,499</u>	<u>259,589,874</u>

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22. SELLING AND MARKETING EXPENSES

	Year ended December 31,	
	2024	2023
Staff Costs	131,196,275	108,669,459
Right of use amortization (Note 6.1)	83,938,901	75,378,508
Advertising and marketing	86,982,698	62,567,574
Depreciation of Property, Plant and Equipment (Note 5)	29,239,261	24,530,032
Rentals	22,674,138	11,280,498
Consumables	4,098,225	5,906,473
Facilities	3,555,803	2,612,302
Government fees	2,461,067	2,436,109
(Reversal) charging Expected credit losses (Note 10, Note 11.2)	(134,841)	111,100
Shipping expenses	5,942,532	2,111,907
Bank expenses	3,837,428	2,104,906
Collection expenses	4,212,839	1,827,378
Amortization of intangible assets (Note 7)	279,062	227,940
Transportation expenses	115,653	181,974
Others	9,387,415	9,267,850
	387,786,456	309,214,010

23. GENERAL AND ADMINISTRATIVE EXPENSES

	Year ended December 31,	
	2024	2023
Staff Costs	28,833,742	26,275,273
Right of use amortization (Note 6.1)	177,401	369,602
Rentals	116,380	411,091
Professional fees	2,249,353	1,160,379
Listing costs (Note 27)	5,034,167	4,530,632
Tadawul and capital market regulatory charges	371,173	-
Depreciation of Property, Plant and Equipment (Note 5)	960,582	1,035,072
Amortization of intangible assets (Note 7)	146,695	633,518
Technical support	2,896,826	1,908,620
Government fees	142,677	199,648
Telephone and internet	340,473	300,583
Cleaning and hospitality	113,070	251,672
Security Expenses	152,604	156,897
Facilities	172,831	177,303
Rent of cars and equipment	63,604	180,328
Consumables	206,071	175,652
Bank expenses	105,264	355,851
Others	1,313,482	1,844,823
	43,396,395	39,966,944

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24. FINANCE COSTS

	Year ended December 31,	
	2024	2023
Interest cost on leases (Note 6.2)	12,016,803	9,796,494
Interest cost on loan (Note 15)	1,688,202	2,017,135
Interest cost on end-of-service benefits liability (Note 14)	653,070	437,984
	<u>14,358,075</u>	<u>12,251,613</u>

25. OTHER INCOME

	Year ended December 31,	
	2024	2023 (Reclassified)
Lease concessions (Note 6.2)	1,475,000	1,519,410
Losses on disposal of assets	(1,001,463)	(467,653)
Gains on adjustment and disposal of leases	106,632	3,242,510
Dividends	102,013	243,713
Others	1,084,011	936,641
	<u>1,766,193</u>	<u>5,474,621</u>

26. EARNINGS PER SHARE

	Year ended December 31,	
	2024	2023
Profit for the year attributable to the shareholders of the company	156,958,529	148,677,253
Number of shares		
Weighted average number of shares for earnings per share purposes	<u>25,000,000</u>	<u>25,000,000</u>
Basic and diluted earnings per share based on annual profit attributable to shareholders of the company	<u>6.28</u>	<u>5.95</u>

27. LISTING AND INITIAL PUBLIC OFFERING EXPENSES

On 3 June 2024, the company obtained the approval of the Capital Market Authority on Al Majed for Oud Company's request to register and offer its shares for public subscription, which includes approval of the company's request to register its shares and offer (7,500,000) shares for public subscription, representing (30%) of the company's total shares.

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27. LISTING AND INITIAL PUBLIC OFFERING EXPENSES (CONTINUED)

The value of the costs related to the project of registering the company's shares and offering part of it for public subscription amount with SAR 17,486,568. The previous owners pledged during the offering process to bear the value of these costs and pay them to the company in the event of success of the offering and subscription project. On October 7, 2024, the process of listing the company's shares in the Capital Market was completed, and all the shares offered were subscribed. The company covered the amounts of the subscription costs from the shareholders before the offering and subscription, and the selling shareholders fully bore the cost of listing and subscription.

The costs have been classified and treated according to the nature of the transaction to which each of these costs is related, according to a clarification from the Accounting Standards Board on how to account for the costs of listing in the capital market when the listing with a sale of part of the founders' share to the public on March 23, 2023. These costs were classified into costs related to selling and initial public offering, and were processed by constantly charging them to the old shareholders outside the company's accounts.

The costs related to the listing transaction have been included in the consolidated statement of profit and loss. Costs related to the listing transaction that are difficult to attribute directly to both the sale process and the listing process have been allocated using the guidance of paragraph 38 of International Accounting Standard No. 32 "Financial Instruments: Presentations" between the company and the old shareholders pro-rata to the basis of the number of shares sold to the shares held, and the company's share was charged to the profit and loss statement.

Expenses	Base of allocation	Amounts recognized in statement of Profit or loss	
		2024	2023
Expenses related to initial public offering	Allocated to previous owners	-	-
Expenses related to listing	Allocated in profit or loss statement	30,000	-
Expenses related to initial public offering & listing	Allocated with 70% in Profit or loss statement	5,004,167	4,530,632
		<u>5,034,167</u>	<u>4,530,632</u>

The financial impact of the amounts covered by the old shareholders for the costs of listing and initial public offering was charged to the equity in accordance with the requirements of International Accounting Standard No. 32.

28. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Financial assets consist of cash at bank and cash equivalents, other financial assets measured at amortized cost, receivables, and financial assets at FVOCI, while financial liabilities consist of trade and other payables and amounts due to related parties.

All assets were classified as financial liabilities as at 31 December 2024 in the amortized cost line, except financial assets designated at FVOCI, measured based on fair value.

Financial assets at FVOCI are classified under level 1 of the fair value measurement hierarchy.

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29. FINANCIAL RISK MANAGEMENT

The major financial risks of the Company relate to market risks (including cash flow risk and fair value interest rate risk), credit risk, and liquidity risk. The Company is not exposed to foreign currency risks as the Company's transactions are in Saudi Riyals.

The Company is exposed to risks from its use of financial instruments. This note describes the Company's objectives, policies, and processes for managing those risks and the methods used to measure them. Additional quantitative information on these risks is presented in all these consolidated financial statements.

There have been no material changes in the Company's exposure to the risks of financial instruments, objectives, policies, and processes to manage those risks or the methods used to measure them from prior periods.

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies.

The Company's financial function assists the Board of directors in fulfilling their responsibility by designing and operating processes that ensure the effective implementation of the objectives and policies.

The overall objective of the Board of Directors is to set policies that seek to reduce risks.

Cash flow and fair value of interest rate risks

Cash flow and fair value interest rate risks are the exposures to various risks associated with the effect of fluctuations in the prevailing interest rates on the Company's financial position and cash flows.

The Company is not significantly exposed to fair value interest rate risk as the interest rate on loans is close to the current market price. The Company is exposed to interest rate risks for cash flows as loans carry variable interest rates.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. Cash is deposited with banks with good credit ratings. The Company seeks to limit credit risk with respect to counterparties by setting credit limits for individual counterparties and monitoring outstanding receivables.

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29. FINANCIAL RISK MANAGEMENT (CONTINUED)

The table below shows the Company's maximum exposure to credit risk for the components of the statement of financial position:

	31 December 2024	31 December 2023 (Restated)
Cash at bank	29,122,641	51,472,501
Trade Receivables	5,898,864	9,336,001
Due from related parties	6,746,583	2,268,297
Prepayments and other debit balance	12,244,191	11,437,963
	<u>54,012,279</u>	<u>74,514,762</u>

The Company applies the IFRS 9 simplified approach to measure expected credit losses, which uses a lifetime expected loss allowance. The approach is also applied to estimate the allowance against due from related parties.

Liquidity Risk

Liquidity risk is the risk that a Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from the inability to realize a financial asset quickly at an amount close to its fair value.

The Company manages its liquidity risk by monitoring working capital requirements and cash flows on a regular basis. The Company limits its liquidity risk by ensuring that sufficient funds are available from its shareholders and banking facilities.

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

31 December 2024	Less than 1 year	Over 1 year	Total
Trade Payables	44,766,807	-	44,766,807
Accruals and other credit balances	33,722,585	-	33,722,585
Lease Liabilities	93,282,636	165,206,573	258,489,209
	<u>171,772,028</u>	<u>165,206,573</u>	<u>336,978,601</u>
31 December 2023	Less than 1 year	Over 1 year	Total
Trade Payables	23,571,137	-	23,571,137
Accruals and other credit balances	38,617,285	-	38,617,285
Due to Related Parties	48,058,382	-	48,058,382
Lease Liabilities	80,451,404	186,217,665	266,669,069
Loans	45,000,000	-	45,000,000
	<u>235,698,208</u>	<u>186,217,665</u>	<u>421,915,873</u>

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29. FINANCIAL RISK MANAGEMENT (CONTINUED)

Fair value

The following tables show the carrying value and fair value of the financial assets and financial liabilities of the company, including levels of the fair value hierarchy, for financial assets and liabilities that are not measured at fair value and have a short-term maturity, it is assumed that the book value approximates its fair value and therefore it does not include fair value information for these financial instruments. It includes cash and cash equivalents, trade receivables, prepayments and other debit balances, loans, trade and other credit balances.

As at 31 December 2024	Carrying value		Fair value			
	Financial assets at FVTOCI	Amortized Cost	Total	Level 1	Level 2	Level 3
Financial Assets						
Prepayments and other debit balances	-	12,244,191	12,244,191	-	-	-
Due from related parties	-	6,746,583	6,746,583	-	-	-
Cash and cash equivalent	-	29,649,142	29,649,142	-	-	-
	-	48,639,916	48,639,916	-	-	-
Financial liabilities						
Trade payables	-	44,766,807	44,766,807	-	-	-
Accrued expense and other credit balances	-	33,722,585	33,722,585	-	-	-
	-	78,489,392	78,489,392	-	-	-

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29. FINANCIAL RISK MANAGEMENT (CONTINUED)

As at 31 December 2023	Carrying value		Fair value				
	Financial assets at FVTOCI	Amortized Cost	Total	Level 1	Level 2	Level 3	Total
Financial Assets							
Prepayments and other debit balances	-	11,437,963	11,437,963	-	-	-	-
Financial assets at fair value through other comprehensive income (FVOCI)	4,618,879	-	4,618,879	4,618,879	-	-	4,618,879
Cash and cash equivalent	-	54,069,792	54,069,792	-	-	-	-
	4,618,879	65,507,755	70,126,634	4,618,879	-	-	4,618,879
Financial liabilities							
Short-term borrowings	-	45,000,000	45,000,000	-	-	-	-
Trade payables	-	23,571,137	23,571,137	-	-	-	-
Due to related parties	-	48,058,382	48,058,382	-	-	-	-
Accrued expense and other credit balances	-	38,617,285	38,617,285	-	-	-	-
	-	155,246,804	155,246,804	-	-	-	-

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30. CAPITAL MANAGEMENT

The main objective of the Company's capital management is to maximize the shareholders' returns. The Company's policy is to maintain a strong capital base to maintain investors and creditors and sustain future business development.

To manage the Company's capital, capital includes issued and paid-up capital and all other equity reserves attributable to the Company's shareholders.

Management monitors the return on capital and the level of dividends paid to shareholders and seeks to maintain a balance between higher returns (which can be enhanced by higher levels of borrowing) and the benefits and security provided by a sound capital position.

The Company manages its capital structure and makes adjustments in the light of changes in economic conditions and its financial needs.

31. DIVIDENDS

On 20 Dhul-Qi'dah 1445 H corresponding to 28 May 2024, the Board of directors has approved the distribution of cash dividends to shareholders, which is a portion of the annual profits for the year 2023 and the company's retained earnings, in an amount of 5 SR per share, with a total amount of 125,000,000 Saudi riyals, which was fully paid during the period.

On 28 July 2024, a resolution was issued by the board of directors to cancel the approved dividends at the meeting held on December 28, 2023, amounting to 50,000,000 Saudi Riyal, which were paid to shareholders on April 1, 2024. Shareholders' approval was obtained to repay these amounts, and the collection of 50,000,000 Saudi Riyal was completed on 28 July 2024.

On January 15, 2023, the partners agreed to distribute cash dividends in the amount of 6,500,000 Saudi Riyals and 33,000,000 Saudi Riyals distributed to the partners according to their ownership shares, these dividends have been approved by the company's general assembly on 8 August 2023, which were paid in full during the period ending on 30 September 2023.

32. CAPITAL COMMITMENTS AND CONTINGENCIES

As at 31 December 2024, the Company had capital commitments of 1.15 million Saudi Riyals in respect of ongoing projects (2023: 744k Saudi Riyals). These commitments are principally relating to the construction of the buildings and leasehold improvements which will comprise spaces for retail outlets, and administrative building.

33. SEGMENT REPORTING

The company has one operating segment, which is retail trade in perfumes. The company manufactures perfumes and their accessories and then sells them through its branches. The company's operational assets, including factories, warehouses, and branches, are in the Kingdom of Saudi Arabia and Gulf countries. The company's main segments are presented according to geographical sectors. The company operates in the Kingdom of Saudi Arabia and Gulf countries according to the shown data below:

Sales for the year ended	Domestic sales	GCC sales	Total
31 December 2024	780,955,240	145,046,764	926,002,004
31 December 2023	692,254,651	80,202,515	772,457,166

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33. SEGMENT REPORTING (CONTINUED)

a) Sales by Region:

Region	Year ended December 31,	
	2024	2023
Southern Region	112,845,696	104,972,291
Eastern Province	81,469,818	76,386,616
Northern Region	41,899,447	39,396,337
Western Province	208,853,502	193,764,239
Central Region	228,092,483	201,717,454
Al-Qassim Province	34,809,977	35,489,593
E-Commerce and other channels	72,984,317	40,528,121
GCC	145,046,764	80,202,515
	<u>926,002,004</u>	<u>772,457,166</u>

b) The company has classified its assets according to the following geographical sectors by geographical location:

	In the Kingdom of Saudi Arabia	GCC	Total
As at 31 December 2024			
Total Assets	674,781,664	118,951,842	793,733,506
Total Liabilities	221,379,281	104,165,753	325,545,034
Revenue	780,955,240	145,046,764	926,002,004
Net Profit	136,700,718	20,257,811	156,958,529

	In the Kingdom of Saudi Arabia	GCC	Total
As at 31 December 2023			
Total Assets	652,561,457	117,251,116	769,812,573
Total Liabilities	269,883,264	122,668,533	392,551,797
Revenue	692,254,651	80,202,515	772,457,166
Net Profit	157,057,732	(8,380,479)	148,677,253

34. RESTATEMENTS TO COMPARATIVE FIGURES

The management of the company has restated the comparative figures to reflect the impact of the dividend distribution approved by the Board of Directors on December 28, 2023, amounting to SAR 50,000,000, which was paid on April 1, 2024 (Note 31).

	Previously Reported	Adjustment	Restated
Statement of financial position			
Due from related parties	4,209,915	(1,941,618)	2,268,297
			(84,058,427)
Retained Earnings	(134,058,427)	50,000,000)
		(48,058,382)	(48,058,382)
Due to related parties	-))

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35. RECLASSIFICATION OF COMPARATIVE FIGURES

	<u>Previously Reported</u>	<u>Reclassification</u>	<u>Reclassified</u>
Sales	767,023,097	5,434,069	772,457,166
Cost of Sales	(256,383,577)	(3,206,297)	(259,589,874)
Selling & Marketing Expenses	(311,077,902)	1,863,892	(309,214,010)
Other income	9,566,285	(4,091,664)	5,474,621

36. SUBSEQUENT EVENTS

The Board of Directors of the Company recommended, in its meeting held on 5 Ramadan 1446 (corresponding to: 5 March 2025), the distribution of annual cash dividends of 100 million Saudi Riyals to the company's shareholders for the fiscal year 2024 at a rate of 4 Saudi Riyal per share.

37. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors on 5 Ramadan 1446 (corresponding to March 5, 2025).