

**REDINGTON SAUDI ARABIA DISTRIBUTION COMPANY**  
**(SINGLE SHAREHOLDER LIMITED LIABILITY COMPANY)**

**FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT**  
**FOR THE YEAR ENDED MARCH 31, 2026**

**REDINGTON SAUDI ARABIA DISTRIBUTION COMPANY**  
**(SINGLE SHAREHOLDER LIMITED LIABILITY COMPANY)**  
**FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT**  
**FOR THE YEAR ENDED MARCH 31, 2026**

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## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF REDINGTON SAUDI ARABIA DISTRIBUTION COMPANY**

To the shareholder  
Redington Saudi Arabia Distribution Company  
Riyadh, Kingdom of Saudi Arabia

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the financial statements of Redington Saudi Arabia Distribution Company ("the Company"), which comprise the statement of financial position as at March 31, 2026, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2026, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") 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 that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) ("the Code") as endorsed in the Kingdom of Saudi Arabia, that are relevant to our audit of the financial statements, and we have fulfilled our ethical responsibilities in accordance with the requirements of the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF REDINGTON SAUDI ARABIA DISTRIBUTION COMPANY (CONTINUED)**

**Auditor's Responsibilities for the Audit of the Financial Statements**

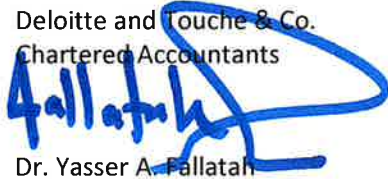
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee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

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

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

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

Deloitte and Touche & Co.  
Chartered Accountants



Dr. Yasser A. Fallatah  
Certified Public Accountant  
License No. 608  
14 Dhu Al Hijjah, 1447H  
May 31, 2026



**REDINGTON SAUDI ARABIA DISTRIBUTION COMPANY**  
(SINGLE SHAREHOLDER LIMITED LIABILITY COMPANY)

**STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2026**

|                                         | Note | 2026<br>ﷲ            | 2025<br>ﷲ            |
|-----------------------------------------|------|----------------------|----------------------|
| <b>ASSETS</b>                           |      |                      |                      |
| <b>Non-current assets</b>               |      |                      |                      |
| Property and equipment                  | 5    | 6,051,653            | 5,959,696            |
| Right-of-use assets                     | 6    | 3,912,774            | 5,168,607            |
| Deferred tax asset                      | 14   | 10,292,466           | 7,265,880            |
| <b>Total non-current assets</b>         |      | <b>20,256,893</b>    | <b>18,394,183</b>    |
| <b>Current assets</b>                   |      |                      |                      |
| Inventories                             | 7    | 219,132,689          | 266,396,810          |
| Trade and other receivables             | 8    | 1,117,096,215        | 1,215,686,039        |
| Due from related parties                | 9    | 575,930              | 641,266              |
| Cash and cash equivalents               | 10   | 13,713,423           | 37,409,678           |
| <b>Total current assets</b>             |      | <b>1,350,518,257</b> | <b>1,520,133,793</b> |
| <b>TOTAL ASSETS</b>                     |      | <b>1,370,775,150</b> | <b>1,538,527,976</b> |
| <b>EQUITY AND LIABILITIES</b>           |      |                      |                      |
| <b>Equity</b>                           |      |                      |                      |
| Share capital                           | 1    | 30,000,000           | 30,000,000           |
| Statutory reserve                       | 11   | 9,000,000            | 9,000,000            |
| Retained earnings                       |      | 377,010,709          | 312,226,336          |
| <b>Total equity</b>                     |      | <b>416,010,709</b>   | <b>351,226,336</b>   |
| <b>Non-current liabilities</b>          |      |                      |                      |
| Lease liabilities                       | 6    | 2,375,092            | 3,452,097            |
| Employees' defined benefits liabilities | 12   | 16,846,305           | 15,660,208           |
| <b>Total non-current liabilities</b>    |      | <b>19,221,397</b>    | <b>19,112,305</b>    |
| <b>Current liabilities</b>              |      |                      |                      |
| Trade and other payables                | 13   | 476,901,638          | 549,262,398          |
| Short term loans                        | 15   | -                    | 100,740,613          |
| Lease liabilities                       | 6    | 1,077,006            | 1,193,806            |
| Due to related parties                  | 9    | 444,285,505          | 506,583,334          |
| Income tax payable                      | 14   | 13,278,895           | 10,409,184           |
| <b>Total current liabilities</b>        |      | <b>935,543,044</b>   | <b>1,168,189,335</b> |
| <b>Total liabilities</b>                |      | <b>954,764,441</b>   | <b>1,187,301,640</b> |
| <b>TOTAL EQUITY AND LIABILITIES</b>     |      | <b>1,370,775,150</b> | <b>1,538,527,976</b> |




Signed by:

Gopinath Kanniah

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Gopinath Kanniah

The accompanying notes form an integral part of these financial statements

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**REDINGTON SAUDI ARABIA DISTRIBUTION COMPANY**  
(SINGLE SHAREHOLDER LIMITED LIABILITY COMPANY)

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED MARCH 31, 2026**

|                                                                            |      | 2026<br>ﷲ          | 2025<br>ﷲ          |
|----------------------------------------------------------------------------|------|--------------------|--------------------|
|                                                                            | Note |                    |                    |
| Revenues                                                                   | 16   | 4,545,957,054      | 4,509,444,787      |
| Cost of revenues                                                           | 17   | (4,269,830,160)    | (4,233,319,767)    |
| <b>Gross profit</b>                                                        |      | <b>276,126,894</b> | <b>276,125,020</b> |
| Selling and marketing expenses                                             | 18   | (90,249,040)       | (72,031,646)       |
| General and administrative expenses                                        | 19   | (40,641,811)       | (36,958,362)       |
| Operation support fees                                                     | 9    | (52,441,196)       | (58,142,710)       |
| <b>Operating income</b>                                                    |      | <b>92,794,847</b>  | <b>108,992,302</b> |
| Other income                                                               |      | 857,598            | 835,945            |
| Finance cost                                                               | 20   | (13,307,499)       | (19,679,533)       |
| <b>Profit before income tax</b>                                            |      | <b>80,344,946</b>  | <b>90,148,714</b>  |
| Income tax                                                                 | 14   | (16,151,795)       | (18,350,098)       |
| <b>Profit for the year</b>                                                 |      | <b>64,193,151</b>  | <b>71,798,616</b>  |
| <b>Other comprehensive income</b>                                          |      |                    |                    |
| <i>Items that will not be reclassified subsequently to profit or loss:</i> |      |                    |                    |
| Re-measurement gain on employees' defined benefit liabilities              | 12   | 591,222            | 139,709            |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>                             |      | <b>64,784,373</b>  | <b>71,938,325</b>  |

Signed by:

*Gopinath Kanniah*

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Gopinath Kanniah

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**REDINGTON SAUDI ARABIA DISTRIBUTION COMPANY**  
(SINGLE SHAREHOLDER LIMITED LIABILITY COMPANY)

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED MARCH 31, 2026**

|                                         | Share<br>capital<br>ﷲ | Statutory<br>reserve<br>ﷲ | Retained<br>earnings<br>ﷲ | Total<br>ﷲ  |
|-----------------------------------------|-----------------------|---------------------------|---------------------------|-------------|
| Balance at April 1, 2024                | 30,000,000            | 9,000,000                 | 240,288,011               | 279,288,011 |
| Profit for the year                     | -                     | -                         | 71,798,616                | 71,798,616  |
| Other comprehensive income              | -                     | -                         | 139,709                   | 139,709     |
| Total comprehensive income for the year | -                     | -                         | 71,938,325                | 71,938,325  |
| Balance at March 31, 2025               | 30,000,000            | 9,000,000                 | 312,226,336               | 351,226,336 |
| Profit for the year                     | -                     | -                         | 64,193,151                | 64,193,151  |
| Other comprehensive income              | -                     | -                         | 591,222                   | 591,222     |
| Total comprehensive income for the year | -                     | -                         | 64,784,373                | 64,784,373  |
| Balance at March 31, 2026               | 30,000,000            | 9,000,000                 | 377,010,709               | 416,010,709 |

Signed by:

*Gopinath Kanniah*

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*Gopinath Kanniah*



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**REDINGTON SAUDI ARABIA DISTRIBUTION COMPANY**  
(SINGLE SHAREHOLDER LIMITED LIABILITY COMPANY)

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED MARCH 31, 2026**

|                                                               | 2026<br>س.م          | 2025<br>س.م        |
|---------------------------------------------------------------|----------------------|--------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                   |                      |                    |
| Profit before income tax                                      | 80,344,946           | 90,148,714         |
| <b>Adjustments for:</b>                                       |                      |                    |
| (Reversal of) provision for slow-moving inventories           | (1,235,160)          | 4,577,546          |
| Allowance for expected credit losses                          | 11,642,766           | 251,506            |
| Employees defined benefit liabilities                         | 2,457,067            | 2,119,757          |
| Depreciation of property and equipment                        | 706,117              | 300,299            |
| Amortization of right-of-use assets                           | 1,176,969            | 1,433,856          |
| Adjustment of right-of-use assets and lease liabilities       | 4,526                | -                  |
| Property and equipment written off                            | 10,013               | 41,523             |
| Interest expense of lease liabilities                         | 258,468              | 153,464            |
| Finance cost                                                  | 13,049,031           | 19,526,069         |
|                                                               | <b>108,414,743</b>   | <b>118,552,734</b> |
| <b>Movements in working capital:</b>                          |                      |                    |
| Inventories                                                   | 48,499,281           | 123,406,763        |
| Trade and other receivables                                   | 86,947,058           | (242,001,527)      |
| Due from related parties                                      | 65,336               | 50,474             |
| Trade and other payables                                      | (72,360,760)         | 182,553,619        |
| Due to related parties                                        | (62,297,829)         | (150,741,553)      |
| <b>Cash generated from operations</b>                         | <b>109,267,829</b>   | <b>31,820,510</b>  |
| Employees defined benefit liabilities paid                    | (1,401,970)          | (826,366)          |
| Income tax paid                                               | (16,308,670)         | (21,568,440)       |
| Finance cost paid                                             | (12,326,809)         | (18,867,447)       |
| <b>Net cash generated from (used in) operating activities</b> | <b>79,230,380</b>    | <b>(9,441,743)</b> |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                   |                      |                    |
| Purchase of property and equipment                            | (808,087)            | (5,783,413)        |
| <b>Net cash used in investing activities</b>                  | <b>(808,087)</b>     | <b>(5,783,413)</b> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                   |                      |                    |
| (Payment) proceed of short-term loans                         | (100,740,613)        | 23,302,431         |
| Repayment of lease liabilities                                | (1,377,935)          | (2,185,175)        |
| <b>Net cash (used in) generated from financing activities</b> | <b>(102,118,548)</b> | <b>21,117,256</b>  |
| Net change in cash and cash equivalents                       | (23,696,255)         | 5,892,100          |
| Cash and cash equivalents at the beginning of the year        | 37,409,678           | 31,517,578         |
| <b>Cash and cash equivalents at the end of the year</b>       | <b>13,713,423</b>    | <b>37,409,678</b>  |
| <b>Non-cash transactions:</b>                                 |                      |                    |
| Additions in right-of-use assets (note 6)                     | -                    | 5,969,724          |
| Additions in lease liability (note 6)                         | -                    | 5,969,724          |

The accompanying notes form an integral part of these financial statements



Signed by:

Gopinath Kanniah

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Gopinath Kanniah

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**REDINGTON SAUDI ARABIA DISTRIBUTION COMPANY**  
(SINGLE SHAREHOLDER LIMITED LIABILITY COMPANY)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2026**

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**1. ORGANISATION AND ACTIVITIES**

Redington Saudi Arabia Distribution Company ("the Company") is a Limited Liability Company registered in Riyadh, Kingdom of Saudi Arabia, under commercial registration number 1010421743 dated Shawal 22, 1435H (corresponding to August 18, 2014) and unified national number is 7001863708, with branches in Khobar and Jeddah.

The address of the Company's registered office is as follows:

Olaya Street,  
P.O. Box 66120  
Riyadh 11576  
Kingdom of Saudi Arabia

The principal activities of the Company are to engage in importing and trading of telephone and telecommunication equipment, computers, accessories and software pursuant to the license issued by the Saudi Arabian General investment authority No. 1049350636254 dated Jumada Al Thani 24, 1435H (corresponding to April 24, 2014)

The share capital of the Company amounting to ﷲ 30,000,000 is divided into 30,000 shares of ﷲ 1,000 each as at March 31, 2026 and 2025. The shareholder of the Company as of March 31, 2026 and 2025 is as follows:

| <b>Name</b>        | <b>Country of incorporation</b> | <b>Ownership percentage</b> | <b>Number of shares</b> | <b>Share capital ( ﷲ )</b> |
|--------------------|---------------------------------|-----------------------------|-------------------------|----------------------------|
| Redington Gulf FZE | United Arab Emirates            | 100%                        | 30,000                  | 30,000,000                 |

The Company has the following branches in the Kingdom of Saudi Arabia:

| <b>Branch</b> | <b>C.R / License Number</b> | <b>Date (Hijri)</b>                               |
|---------------|-----------------------------|---------------------------------------------------|
| Khobar        | 2051062502                  | 25 Sha'ban 1437AH (corresponding to May 22, 2017) |
| Jeddah        | 4030289498                  | 25 Sha'ban 1437AH (corresponding to May 22, 2017) |

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

**REDINGTON SAUDI ARABIA DISTRIBUTION COMPANY**  
**(SINGLE SHAREHOLDER LIMITED LIABILITY COMPANY)**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED MARCH 31, 2026**

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**2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)**

**2.1 New and revised IFRSs applied with no material effect on the financial statements**

In the current year, the Company has applied the below amendments to IFRS Standards and interpretations issued by the International Accounting Standards Board (IASB) that are effective for an period that begins on or after January 1, 2025. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

- ***Amendments to IAS 21 – The Effects of Changes in Foreign Exchange Rates titled Lack of Exchangeability***

An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose.

**2.2 New and revised standards issued but not yet effective**

At the date of authorization of these financial statements, the Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

- ***Annual Improvements to IFRS Accounting Standards – Volume 11***

Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7, IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements, and IAS 7 Statement of Cash Flows.

The amendments are effective for annual periods beginning on or after January 1, 2026, with earlier application permitted.

- ***Amendments to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments***

These amendments:

- clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and
- make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).

The amendments are effective for reporting periods beginning on or after January 1, 2026 with earlier application permitted.

**REDINGTON SAUDI ARABIA DISTRIBUTION COMPANY**  
(SINGLE SHAREHOLDER LIMITED LIABILITY COMPANY)  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED MARCH 31, 2026**

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**2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)**  
**(CONTINUED)**

**2.2 New and revised standards issued but not yet effective (continued)**

- ***IFRS 18, 'Presentation and Disclosure in Financial Statements'***

This is the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:

- the structure of the statement of profit or loss;
- required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

The new standard is effective for reporting periods beginning on or after January 1, 2027 with earlier application permitted.

- ***IFRS 19 'Subsidiaries without Public Accountability: Disclosures'***

IFRS 19 permits an eligible subsidiary (defined as a subsidiary that does not have public accountability and has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Standards) to provide reduced disclosures when applying IFRS Standards in its financial statements.

The new standard is effective for reporting periods beginning on or after January 1, 2027 with earlier application permitted.

The Directors do not expect that the adoption of the above Standards will have a material impact on the Company's financial statements in future periods.

**3. MATERIAL ACCOUNTING POLICY INFORMATION**

***Statement of compliance***

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

***Basis of preparation***

These 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 issued by the Saudi Organization for chartered and professional Accountants ("SOCPA"), collectively hereafter referred to as "IFRS".

The financial statements have been prepared on the historical cost basis except for the employees' defined benefit liabilities, which have been actuarially valued and right of use of assets and lease liabilities payable that have been recorded at the present value of future lease rent payable.

The financial statements are presented in Saudi Riyals ("ﷲ") as Company's functional currency is Saudi Riyals ("ﷲ").

**REDINGTON SAUDI ARABIA DISTRIBUTION COMPANY**  
(SINGLE SHAREHOLDER LIMITED LIABILITY COMPANY)  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED MARCH 31, 2026**

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**3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

***Accounting policies***

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

***Property and equipment***

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the item. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. Expenditure on maintenance and repairs is expensed, while expenditure for improvement is capitalized.

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

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

The estimated useful lives of the principal classes of assets are as follows:

|                        | <u>Years</u> |
|------------------------|--------------|
| Furniture and fixtures | 5            |
| Warehouse equipment    | 5            |
| Office equipment       | 5            |
| Computers              | 3            |

Leasehold property is being amortized on the straight-line basis over the shorter of useful life or lease period.

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

***Impairment of tangible assets***

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which

**REDINGTON SAUDI ARABIA DISTRIBUTION COMPANY**  
(SINGLE SHAREHOLDER LIMITED LIABILITY COMPANY)

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED MARCH 31, 2026**

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**3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

***Impairment of tangible assets (continued)***

the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Company of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

***Leases***

***The company as a lessee:***

The Company assesses whether contract is or contains a lease, at inception of the contract. The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

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.

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 the expected payment under a guaranteed residual value, in which case 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).
- 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.

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**3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

***Leases (continued)***

*The company as a lessee (continued):*

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

The right-of-use assets are amortized over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use of asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the 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 statement of financial position.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in profit or loss.

***Inventories***

Inventories are stated at the lower of cost or net realizable value. Cost is determined on a weighted average cost basis and includes expenditure incurred in acquiring the inventories and bringing them to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

***Financial instruments***

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

**Financial assets**

The Company recognizes financial assets on a trade date basis at which the Company becomes a part to the provisions of the contract.

All of the Company's recognized financial assets are subsequently measured in their entirety at amortized cost using the effective interest rate ("EIR") method (if the impact of discounting or any transaction costs is significant). Interest income from these financial assets is included in finance income. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other income / expenses.

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**3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

***Financial instruments (continued)***

Financial assets (continued)

Classification of financial assets

a) Debt instruments that meet the following conditions are measured subsequently at amortised cost:

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

The Company does not have any financial asset that meets the criteria to be classified as subsequently measured at 'fair value through profit or loss' or at 'fair value through other comprehensive income' nor it has elected to irrevocably designate its financial assets to be subsequently measured at 'fair value through profit or loss' or at 'fair value through other comprehensive income'.

*Amortised cost and effective interest method:*

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset

Currently, the Company carries cash and cash equivalents, trade receivables and due from related parties.

b) Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

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

Currently, the Company does not possess any debt instrument classified as at FVTOCI.

c) Equity instruments designated as at FVTOCI:

On initial recognition, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

Currently, the Company does not possess any equity instruments designated as at FVTOCI.

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**3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

***Financial instruments (continued)***

Financial assets (continued)

Classification of financial assets (continued)

- d) By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Currently, the Company does not possess any financial assets classified as at FVTPL.

Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on cash and cash equivalents and trade and other receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses ("ECL"). The expected credit losses on trade and other receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12 month ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. As for the exposure at default this is represented by the assets' gross carrying amount at the reporting date.

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**3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

***Financial instruments (continued)***

**Financial assets (continued)**

**Measurement and recognition of expected credit losses (continued)**

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following bases:

- Nature of financial instruments
- Past-due status; and
- Nature, size and industry of debtors

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12 month ECL at the current reporting date.

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

**Significant increase in credit risk**

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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**3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

***Financial instruments (continued)***

**Financial assets (continued)**

**Significant increase in credit risk (continued)**

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating
- significant deterioration in external market indicators of credit risk for a particular financial instrument
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations.
- an actual or expected significant deterioration in the operating results of the debtor.
- significant increases in credit risk on other financial instruments of the same debtor
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Company presumes that credit risk on the financial asset has increased significantly since initial recognition when contractual payments are more than 90 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Company considers a financial asset to have low credit risk when it has an internal or external credit rating of 'investment grade' in accordance with the globally understood definition.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria can identify significant increase in credit risk before the amount becomes past due.

**Definition of default**

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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**3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

***Financial instruments (continued)***

Financial assets (Continued)

Definition of default (Continued)

- When there is a long outstanding debt and a similar past experience exists; or
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company)

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than one year past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower
- a breach of contract, such as a default or past due event
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider
- it is becoming probable that the counterparty will enter bankruptcy or other financial reorganization; and
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

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**3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

***Financial instruments (continued)***

**Financial liabilities**

Financial liabilities are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument. All financial liabilities are subsequently measured at amortized cost.

**Derecognition of financial liabilities**

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

**Offsetting of financial assets and liabilities**

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

***Cash and cash equivalents***

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

***Provisions***

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

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

***Employees' benefits obligations***

**Defined contribution plans**

A defined contribution plan is a post-employment benefit plan under which the Company pays contributions. The contributions are recognised as employees' benefit expense in the statement of profit or loss and other comprehensive income when they are due.

**Retirement benefit costs and termination benefits**

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, is reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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**3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

***Employees' benefits obligations (continued)***

**Retirement benefit costs and termination benefits (continued)**

Re-measurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

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

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

Curtailment gains and losses are accounted for as past service costs.

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. They are included in retained earnings in the statement of changes in equity and in the balance sheet. End of service payments are based on employees' final salaries and allowances and their cumulative years of service, as stated in the Labor Law of Kingdom of Saudi Arabia.

**Short-term employee benefits**

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

**Retirement benefits**

Retirement benefits made to defined contribution plans are expensed when incurred.

***Revenue recognition***

Revenue is recognised when control of the goods has transferred, being when the goods have been shipped to the customer's specific location (delivery). Following delivery, the customer has full discretion over the sale of the goods, has the primary responsibility when selling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the Company when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional. Receivables are not discounted as these are due within a period of less than twelve months.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED MARCH 31, 2026**

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**3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

***Revenue recognition (continued)***

Customers have a right of return depending on the terms of sales agreement between the Company, Vendor and the customer. At the point of sale, a refund liability and a corresponding adjustment to revenue is recognised for those products expected to be returned. At the same time, the Company has a right to recover the product when customers exercise their right of return so consequently recognises a right to returned goods asset and a corresponding adjustment to cost of sales.

The Company uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method. It is considered highly probable that a significant reversal in the cumulative revenue recognised will not occur given the consistent level of returns over previous years.

The Company does not have its own promotions and incentives program. Any promotions and incentives received by the Company from the supplier are distributed to the customers once approved by the supplier and consideration becomes receivable by the Company.

**Income taxes**

***Income tax***

The Company is subject to zakat and income tax in accordance with the regulations of the Zakat, Tax and Customs Authority ("ZATCA") in the Kingdom of Saudi Arabia. Income taxes are provided on accrual basis. Income tax is computed on foreign shareholder's share of the adjusted net income. Any difference in the estimate is recorded when the final assessment is approved, at which time the provision is cleared.

***Deferred tax***

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases (known as temporary differences). Deferred tax liabilities are generally recognized for all temporary differences that will result in taxable amounts in determining taxable profit (tax loss) of future periods when the carrying amount of the asset or liability is recovered or settled (taxable temporary differences). Deferred tax assets are generally recognized for all temporary differences that will result in amounts that are deductible in determining taxable profit (tax loss) of future periods when the carrying amount of the asset or liability is recovered or settled (deductible temporary differences) but only to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

***Withholding tax***

The Company withholds taxes on certain transactions with non-resident parties in the KSA, including dividend payments to the non-resident shareholders, as required under Saudi Arabian Income Tax Law.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED MARCH 31, 2026**

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**3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

**Income taxes (continued)**

Value added tax

Expenses and assets are recognised net of the amount of value added tax, except:

- When the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of value added tax included. The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

**Foreign currency translation**

Foreign currency transactions are translated into Saudi Riyals at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the profit or loss.

**Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

**Contingencies**

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

**Expenses**

Selling and distribution expenses principally comprise of costs incurred in the distribution and marketing of the Company's products. All other expenses are classified as general and administrative expenses.

General and administrative expenses include direct and indirect costs not specifically part of cost of sales as required. Allocations between general and administrative expenses, selling and distribution expenses and cost of sales, when required, are made on a consistent basis.

#### **4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Company's accounting policies, which are described in note 3, the management is required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognized and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

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

In the process of applying the entity's accounting policies, which are described in note 3, management did not make any critical judgments that may have a significant effect on the amounts recognized in the financial statements.

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

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

##### *Calculation of loss allowance*

When measuring ECL the Company uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

##### *Long-term assumptions for employees' defined benefits liabilities*

Employees' defined benefit liabilities and benefit payments represent obligations that will be settled in the future and require assumptions to project obligations and fair values of plan assets, if any. Management is required to make further assumptions regarding variables such as discount rates, rate of salary increase and return on assets, mortality rates, employment turnover and future healthcare costs. Periodically, management of the Company consults with external actuaries regarding these assumptions. Changes in key assumptions can have a significant impact on the projected benefit obligations and/or periodic employee defined benefit costs incurred.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED MARCH 31, 2026**

**5. PROPERTY AND EQUIPMENT**

|                                 | Furniture<br>and<br>fixtures | Warehouse<br>equipment | Office<br>equipment | Computers | Leasehold<br>property | Total       |
|---------------------------------|------------------------------|------------------------|---------------------|-----------|-----------------------|-------------|
| Cost                            | ﷲ                            | ﷲ                      | ﷲ                   | ﷲ         | ﷲ                     | ﷲ           |
| 1-Apr-25                        | 3,253,764                    | 3,127,768              | 1,250,803           | 1,500,379 | 12,775                | 9,145,489   |
| Additions                       | -                            | -                      | 2,115               | 306,298   | 5,475,000             | 5,783,413   |
| Write off                       | (3,200,439)                  | (3,127,768)            | (1,078,360)         | (968,572) | (12,775)              | (8,387,914) |
| 31-Mar-25                       | 53,325                       | -                      | 174,558             | 838,105   | 5,475,000             | 6,540,988   |
| Additions                       | 15,468                       | -                      | 110,984             | 268,731   | 412,904               | 808,087     |
| Write off                       | (11,285)                     | -                      | (12,356)            | (353,965) | -                     | (377,606)   |
| 31-Mar-26                       | 57,508                       | -                      | 273,186             | 752,871   | 5,887,904             | 6,971,469   |
| <b>Accumulated Depreciation</b> |                              |                        |                     |           |                       |             |
| 1-Apr-25                        | 3,235,143                    | 3,127,768              | 1,126,957           | 1,124,741 | 12,775                | 8,627,384   |
| Charge for the year             | 11,722                       | -                      | 37,063              | 206,514   | 45,000                | 300,299     |
| Write off                       | (3,200,439)                  | (3,127,768)            | (1,078,360)         | (927,049) | (12,775)              | (8,346,391) |
| 31-Mar-25                       | 46,426                       | -                      | 85,660              | 404,206   | 45,000                | 581,292     |
| Charge for the year             | 10,546                       | -                      | 139,394             | 263,554   | 292,623               | 706,117     |
| Write off                       | (10,263)                     | -                      | (12,333)            | (344,997) | -                     | (367,593)   |
| 31-Mar-26                       | 46,709                       | -                      | 212,721             | 322,763   | 337,623               | 919,816     |
| <b>Net book value:</b>          |                              |                        |                     |           |                       |             |
| 31-Mar-26                       | 10,799                       | -                      | 60,465              | 430,108   | 5,550,281             | 6,051,653   |
| 31-Mar-25                       | 6,899                        | -                      | 88,898              | 433,899   | 5,430,000             | 5,959,696   |

The depreciation expense is charged to the general and administrative expenses.

Leasehold property represents cost incurred on head office building leased for the period of 5 years with the expiry date of September 30, 2029.

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**6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES**

|                               | Right-of-use<br>assets | Lease<br>liabilities |
|-------------------------------|------------------------|----------------------|
|                               | ﷲ                      | ﷲ                    |
| <b>March 31, 2026</b>         |                        |                      |
| April 1, 2025                 | 5,168,607              | 4,645,903            |
| Amortization expense          | (1,176,969 )           | -                    |
| Accretion of interest expense | -                      | 258,468              |
| Adjustments                   | (78,864 )              | (74,338 )            |
| Payments during the year      | -                      | (1,377,935 )         |
| <b>March 31, 2026</b>         | <b>3,912,774</b>       | <b>3,452,098</b>     |
|                               | Right-of-use<br>assets | Lease<br>liabilities |
|                               | ﷲ                      | ﷲ                    |
| <b>March 31, 2025</b>         |                        |                      |
| April 1, 2024                 | 632,739                | 707,890              |
| Amortization expense          | (1,433,856 )           | -                    |
| Accretion of interest expense | -                      | 153,464              |
| Addition during the year      | 5,969,724              | 5,969,724            |
| Payments during the year      | -                      | (2,185,175 )         |
| <b>March 31, 2025</b>         | <b>5,168,607</b>       | <b>4,645,903</b>     |

The Company leases several offices. The average lease term is 4 years for these offices.

|                                                       | 2026<br>ﷲ        | 2025<br>ﷲ        |
|-------------------------------------------------------|------------------|------------------|
| <b>Lease liabilities analysed as:</b>                 |                  |                  |
| Current                                               | 1,077,006        | 1,193,806        |
| Non-current                                           | 2,375,092        | 3,452,097        |
|                                                       | <b>3,452,098</b> | <b>4,645,903</b> |
| <b>Amounts recognized in profit or loss</b>           | <b>2026</b>      | <b>2025</b>      |
|                                                       | ﷲ                | ﷲ                |
| Amortization expense on right-of-use assets (note 19) | 1,176,969        | 1,433,856        |
| Interest expense on lease liabilities                 | 258,468          | 153,464          |

The Company does not face a significant liquidity risk with regards to its lease liabilities. Lease liabilities are monitored within the Company's treasury function. All lease obligations are denominated in local currency.

**7. INVENTORIES**

|                                             | 2026<br>ﷲ          | 2025<br>ﷲ          |
|---------------------------------------------|--------------------|--------------------|
| Computer notebooks, software and hardware   | 123,822,189        | 144,470,751        |
| Telecom equipment                           | 39,455,482         | 59,460,190         |
| Networking, servers and storage equipment   | 29,878,088         | 68,442,841         |
| Security equipment                          | 20,652,431         | 8,081,484          |
| Inventory in transit                        | 17,699,684         | 1,652,634          |
|                                             | <b>231,507,874</b> | <b>282,107,900</b> |
| Less: provision for slow moving inventories | (12,375,185 )      | (15,711,090 )      |
|                                             | <b>219,132,689</b> | <b>266,396,810</b> |

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**7. INVENTORIES (CONTINUED)**

The movement in provision for slow moving inventories during the year is as follows:

|                                                               | 2026<br>ﷲ   | 2025<br>ﷲ   |
|---------------------------------------------------------------|-------------|-------------|
| April 1                                                       | 15,711,090  | 18,719,017  |
| (Reversal of) provision for slow moving inventories (note 17) | (1,235,160) | 4,577,546   |
| Written off during the year                                   | (2,100,745) | (7,585,473) |
| March 31                                                      | 12,375,185  | 15,711,090  |

Cost of inventories recognized as an expense during the year in respect of continuing operations was ﷲ 4,647 million (2025: ﷲ 4,853 million).

**8. TRADE AND OTHER RECEIVABLES**

|                                    | 2026<br>ﷲ     | 2025<br>ﷲ     |
|------------------------------------|---------------|---------------|
| Trade receivables                  | 1,093,201,065 | 1,131,541,632 |
| Less: allowance for doubtful debts | (19,933,770)  | (8,291,004)   |
|                                    | 1,073,267,295 | 1,123,250,628 |
| Accrued backend income             | 21,294,154    | 10,462,624    |
| Advances to suppliers              | 16,677,763    | 72,559,208    |
| Prepaid insurance                  | 2,465,182     | 5,099,741     |
| Advances to employees              | 89,032        | 147,934       |
| Insurance claim                    | -             | 902,826       |
| Others                             | 3,302,789     | 3,263,078     |
|                                    | 1,117,096,215 | 1,215,686,039 |

Movement in allowance for doubtful debts is as follows:

|                           | 2026<br>ﷲ  | 2025<br>ﷲ |
|---------------------------|------------|-----------|
| April 1                   | 8,291,004  | 8,039,498 |
| Allowance during the year | 11,642,766 | 251,506   |
| March 31                  | 19,933,770 | 8,291,004 |

The average credit period granted to trade receivables is around 15 to 90 days. No interest is charged on outstanding trade receivables.

The Company measures the allowance for trade receivables at an amount equal to lifetime expected credit losses ("ECL") using simplified approach. The accounting policies relating to impairment of trade receivables are disclosed in note 3.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

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**8. TRADE AND OTHER RECEIVABLES (CONTINUED)**

The following table details the risk profile of trade receivables based on the Company's provision matrix. As the Company's historical credit loss experience does not show a significantly different loss pattern for different customer segments, the allowances for doubtful debts based on past due status is not further distinguished between the Company's different customer types.

| March 31, 2026                                 |                              |                          |              |
|------------------------------------------------|------------------------------|--------------------------|--------------|
| Aging                                          | Expected credit<br>loss rate | Gross carrying<br>amount | Lifetime ECL |
|                                                | %                            | ﷲ                        | ﷲ            |
| Within the credit period                       | 0.26                         | 1,027,312,403            | 2,689,963    |
| 1 - 90 days past due                           | 4.31                         | 34,686,235               | 1,496,139    |
| 91 - 180 days past due                         | 3.42                         | 4,011,596                | 137,025      |
| 181 - 270 days past due                        | 5.79                         | 2,607,367                | 151,020      |
| 271 - 360 days past due                        | 6.11                         | 2,459,571                | 150,304      |
| Above 360 days past due                        | 6.92                         | 7,321,047                | 506,473      |
| Not credit impaired                            |                              | 1,078,398,219            | 5,130,924    |
| Credit impaired – more<br>than 1 year past due |                              | 14,802,846               | 14,802,846   |
|                                                |                              | 1,093,201,065            | 19,933,770   |
| March 31, 2025                                 |                              |                          |              |
| Aging                                          | Expected credit loss<br>rate | Gross carrying<br>amount | Lifetime ECL |
|                                                | %                            | ﷲ                        | ﷲ            |
| Within the credit period                       | 0.08                         | 771,138,087              | 653,668      |
| 1 - 90 days past due                           | 0.09                         | 180,992,798              | 155,473      |
| 91 - 180 days past due                         | 0.99                         | 143,973,040              | 1,424,757    |
| 181 - 270 days past due                        | 1.83                         | 7,538,745                | 213,346      |
| 271 - 360 days past due                        | 2.62                         | 11,026,009               | 288,881      |
| Above 360 days past due                        | 2.66                         | 11,627,362               | 309,288      |
| Not credit impaired                            |                              | 1,126,296,041            | 3,045,413    |
| Credit impaired – more<br>than 1 year past due |                              | 5,245,591                | 5,245,591    |
|                                                |                              | 1,131,541,632            | 8,291,004    |

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**8. TRADE AND OTHER RECEIVABLES (CONTINUED)**

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

|                                  | <b>Lifetime ECL -<br/>not credit<br/>impaired -<br/>collectively<br/>assessed<br/>ﷲ</b> | <b>Lifetime<br/>ECL – credit<br/>impaired<br/>ﷲ</b> | <b>Total<br/>ﷲ</b> |
|----------------------------------|-----------------------------------------------------------------------------------------|-----------------------------------------------------|--------------------|
| April 1, 2024                    | 1,236,366                                                                               | 6,803,132                                           | 8,039,498          |
| Re-measurement of loss allowance | 1,809,047                                                                               | (1,557,541)                                         | 251,506            |
| March 31, 2025                   | 3,045,413                                                                               | 5,245,591                                           | 8,291,004          |
| Re-measurement of loss allowance | <b>2,085,511</b>                                                                        | <b>9,557,255</b>                                    | <b>11,642,766</b>  |
| <b>March 31, 2026</b>            | <b>5,130,924</b>                                                                        | <b>14,802,846</b>                                   | <b>19,933,770</b>  |

**9. RELATED PARTIES TRANSACTIONS AND BALANCES**

The immediate and ultimate controlling party is Redington Gulf FZE ("RGF").

During the year, the Company transacted with the following related parties:

| <b>Related party</b>                | <b>Nature of relationship</b> |
|-------------------------------------|-------------------------------|
| Redington Gulf FZE ("RGF")          | Shareholder                   |
| Ensure Services Arabia LLC          | Affiliate                     |
| Redington Qatar Distribution W.L.L. | Affiliate                     |
| Proconnect Saudi LLC                | Affiliate                     |

The significant transactions during the year were as follows:

|                                                       | <b>2026<br/>ﷲ</b>    | <b>2025<br/>ﷲ</b> |
|-------------------------------------------------------|----------------------|-------------------|
| <b><i>Transactions with shareholder</i></b>           |                      |                   |
| Purchase of inventory                                 | <b>1,753,691,764</b> | 1,899,090,923     |
| Operation support fees (9.1)                          | <b>52,441,196</b>    | 58,142,710        |
| Revenue                                               | <b>1,451,582</b>     | 4,714,247         |
| Rebate income                                         | <b>224,087,887</b>   | 193,890,644       |
| Recharge of interest                                  | -                    | 140,786           |
| Recharge of marketing expense                         | <b>1,600,188</b>     | 607,725           |
| <b><i>Transactions with other related parties</i></b> |                      |                   |
| Purchase of inventory and warehouse charges           | <b>15,002,664</b>    | 13,438,395        |
| Revenue                                               | <b>294,060,291</b>   | 595,908,550       |
| Rebates paid                                          | <b>57,412,251</b>    | 112,214,480       |
| Agency fees                                           | <b>1,083,801</b>     | 793,184           |
| Recharge of salary and expenses                       | <b>161,399</b>       | -                 |

(9.1) Effective April 1, 2023, the Company signed a support service agreement with RGF for the strategic and operational support provided by RGF to the Company, based on Transfer Pricing Guidelines approved by the Group's Management. The operation support fees is calculated based on the Company's net sale of products to the customers in the territory and its operating margin (effective service fee).

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**9. RELATED PARTIES TRANSACTIONS AND BALANCES (CONTINUED)**

As of March 31, related parties' balances are as follows:

| <b>Due from related parties:</b>                 | <b>2026</b><br>ﷲ | <b>2025</b><br>ﷲ |
|--------------------------------------------------|------------------|------------------|
| Redington Gulf Arabia for Information Technology | <b>224,099</b>   | 638,926          |
| Ensure Services Arabia LLC                       | <b>351,831</b>   | -                |
| Redington Kuwait                                 | -                | 2,340            |
|                                                  | <b>575,930</b>   | <b>641,266</b>   |

The amounts due from a related party is interest free and unsecured. The amounts have no fixed repayment dates; however, these are expected to be realised within twelve months from the end of the reporting period.

No expense has been recognised in the current or prior year for bad or doubtful debts in respect of the amounts owed by related parties.

| <b>Due to related parties:</b>  | <b>2026</b><br>ﷲ   | <b>2025</b><br>ﷲ   |
|---------------------------------|--------------------|--------------------|
| Redington Gulf FZE              | <b>397,439,392</b> | 463,267,478        |
| Redington Saudi Trading Company | <b>43,174,647</b>  | 39,210,901         |
| Ensure Services Arabia LLC      | -                  | 424,091            |
| Proconnect Saudi LLC            | <b>3,671,466</b>   | 3,680,864          |
|                                 | <b>444,285,505</b> | <b>506,583,334</b> |

The amounts due to related parties are not subject to interest, are unsecured but have no specific payment dates. However, the Company doesn't have an unconditional right to defer settlement of the liability for at least twelve months from the end of the reporting period. Accordingly, this is classified as current liability.

**Compensation of key management personnel**

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

|                     | <b>2026</b><br>ﷲ | <b>2025</b><br>ﷲ |
|---------------------|------------------|------------------|
| Short term benefits | <b>7,724,721</b> | 4,966,816        |
| Long term benefits  | <b>723,778</b>   | 476,816          |
|                     | <b>8,448,499</b> | <b>5,443,632</b> |

**10. CASH AND CASH EQUIVALENTS**

|              | <b>2026</b><br>ﷲ  | <b>2025</b><br>ﷲ  |
|--------------|-------------------|-------------------|
| Cash on hand | <b>197,223</b>    | 841,919           |
| Cash at bank | <b>13,516,200</b> | 36,567,759        |
|              | <b>13,713,423</b> | <b>37,409,678</b> |

Cash and cash equivalents are subject to the impairment requirements of IFRS 9 and the identified impairment loss was immaterial.

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**11. STATUTORY RESERVE**

The new Companies Law does not require to set aside a statutory reserve. However, as the Company has not yet amended its articles of association so statutory reserve appearing in these financial statements represents an appropriation of 10% of profit for the year until the reserve equals 30% of the share capital as per the requirements of the old Companies Law and Company's articles of association. This reserve is not available for dividend distribution to the shareholder of the Company.

**12. EMPLOYEES' DEFINED BENEFIT LIABILITIES**

In accordance with the provisions of IAS 19, management has carried out an exercise to assess the present value of its employees' defined benefit liabilities at March 31, 2026 and 2025 in respect of employees' end-of-service benefits payable under relevant local regulations and contractual arrangements.

The principal actuarial assumptions used at the reporting date were as follows:

|                         | 2026<br>ﷲ | 2025<br>ﷲ |
|-------------------------|-----------|-----------|
| Discount rate           | 4.40%     | 5.00%     |
| Rate of salary increase | 4.40%     | 5.00%     |

Amounts recognised in profit or loss are as follows:

|                      | 2026<br>ﷲ        | 2025<br>ﷲ        |
|----------------------|------------------|------------------|
| Current service cost | 2,457,067        | 2,119,757        |
| Interest cost        | 722,222          | 658,622          |
|                      | <b>3,179,289</b> | <b>2,778,379</b> |

Re-measurement (gains) losses recognised in other comprehensive income are as follows:

|                                            | 2026<br>ﷲ        | 2025<br>ﷲ        |
|--------------------------------------------|------------------|------------------|
| Actuarial (gains) losses due to change in: |                  |                  |
| - Experience adjustment                    | (243,468)        | 118,536          |
| - Financial assumptions                    | (47,846)         | -                |
| - Demographic assumptions                  | (299,908)        | (258,245)        |
|                                            | <b>(591,222)</b> | <b>(139,709)</b> |

Movement in the employees' defined benefit liabilities is as follows:

|                               | 2026<br>ﷲ         | 2025<br>ﷲ         |
|-------------------------------|-------------------|-------------------|
| April 1                       | 15,660,208        | 13,847,904        |
| Current service cost          | 2,457,067         | 2,119,757         |
| Interest cost                 | 722,222           | 658,622           |
| Benefits paid during the year | (1,401,970)       | (826,366)         |
| Actuarial gain                | (591,222)         | (139,709)         |
| March 31                      | <b>16,846,305</b> | <b>15,660,208</b> |

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**12. EMPLOYEES' DEFINED BENEFIT LIABILITIES (CONTINUED)**

Sensitivity analysis

The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant:

|                                           | 2026<br>ﷲ        | 2025<br>ﷲ   |
|-------------------------------------------|------------------|-------------|
| Increase in discount rate of 1%           | <b>(808,663)</b> | (1,145,601) |
| Decrease in discount rate of 1%           | <b>889,416</b>   | 1,288,755   |
| Increase in rate of salary increase of 1% | <b>964,446</b>   | 1,366,905   |
| Decrease in rate of salary increase of 1% | <b>(892,261)</b> | (1,235,865) |

In presenting the above sensitivity analysis, the present value of the employees' defined benefit liabilities has been calculated using the projected unit credit method at the end of the reporting period.

The employee benefit plan exposes the Company to the following risks:

Mortality risk

The risk that the actual mortality rate is different. The effect depends on the beneficiaries' service / age distribution and the benefit.

Final salary risk

The risk that the final salary at the time of cessation of service is greater than what is assumed. Since the benefit is calculated on the final salary, the benefit amount increases similarly.

Discount risk

A decrease in the discount rate will increase the plan liability.

Withdrawal risk

Benefits are paid when an employee leaves employment either through resignation or retirement. The rate of withdrawal therefore affects the timing of the payment.

Undiscounted expected total benefit payments are as follows:

|                  | 2026<br>ﷲ         | 2025<br>ﷲ  |
|------------------|-------------------|------------|
| Within one year  | <b>2,663,326</b>  | 2,002,075  |
| 1 - 2 years      | <b>2,289,481</b>  | 1,495,761  |
| 2 - 3 years      | <b>2,054,865</b>  | 1,464,694  |
| 3 - 4 years      | <b>1,870,438</b>  | 1,400,144  |
| 4 - 5 years      | <b>1,694,827</b>  | 1,352,011  |
| 6 years and more | <b>10,960,024</b> | 15,150,209 |

The weighted average duration of the employees' defined benefit liabilities is 5.08 years (2025: 6.83 years).

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**13. TRADE AND OTHER PAYABLES**

|                                   | 2026<br>ﷲ          | 2025<br>ﷲ          |
|-----------------------------------|--------------------|--------------------|
| Trade payables                    | 328,601,208        | 412,342,390        |
| Provision for service charges     | 49,819,812         | 15,346,442         |
| Value added tax payable           | 44,624,493         | 45,738,496         |
| Advances from customers           | 18,456,154         | 20,126,236         |
| Employees related accruals        | 12,001,876         | 11,009,282         |
| Accrual for common costs (note 9) | 5,950,125          | 14,646,398         |
| Provision for retailer rebates    | 3,877,560          | 3,455,722          |
| Withholding tax payable           | 2,669,234          | 5,115,035          |
| Accrued freight charges           | 2,243,077          | 6,480,382          |
| Provision for price rebates       | 1,990,986          | 7,843,528          |
| Accrued professional fees         | 1,767,827          | 1,991,266          |
| Others                            | 4,899,286          | 5,167,221          |
|                                   | <b>476,901,638</b> | <b>549,262,398</b> |

**14. INCOME TAX**

**Status of income tax assessments**

The Company has filed its tax returns and settled all tax liabilities up to the year ending March 31, 2025.

The Company received withholding tax assessments on March 3, 2021 for the years ended March 31, 2018, 2019 and 2020 showing total amount of assessed withholding tax SAR 81,676,579 in addition to the applicable penalties. The Company has successfully finalized its withholding tax position up to the year ended March 31, 2020, following the issuance of final rulings in its favor by the Appellate Committee for Tax Violations and Dispute Resolution ("CRTVD") (First level of GSTC committees) and the subsequent cancellation of the related assessments by ZATCA. Accordingly, there are no outstanding liabilities arising from these WHT assessments and no queries have been raised by ZATCA for the specified years as of March 31, 2026.

The Company has also finalised its income tax positions for the years ended March 31, 2018 and 2019. Assessments issued by ZATCA amounted to SAR 121,632 for income tax and SAR 252,209 for zakat, all of which have been fully settled.

In 2025, the Zakat, Tax and Customs Authority (ZATCA) issued income tax assessments for year ended March 31, 2020 and 2021. For the year ended March 31, 2020, the assessment reflected additional income tax due amounting to SR 8,639,874 (excluding the delay penalties) and additional Income tax due amounting to SR 359,995. However, for the year ended March 31, 2021, no additional income tax or zakat liabilities were assessed. The Company submitted its objection on the tax assessments on November 17, 2024 at the level of the tax authority. This objection was rejected by ZATCA on February 13, 2025. Consequently, the Company appealed to the General Secretariat of Tax Committees (GSTC). A hearing was held with the CRTVD on July 10, 2025, resulting in a partial acceptance of the appeal. However, both the Company and ZATCA appealed this ruling to the Appellate Committee for Tax Violations and Dispute Resolution (ACTVDR). A hearing took place on April 16, 2026, and the Company is currently awaiting the formal written ruling.

Finally, the assessments for the years ending March 31, 2022 to 2025 are currently under review by ZATCA.

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**14. INCOME TAX (CONTINUED)**

The movement in the provision for income tax is as follows:

|                          | 2026<br>ﷲ     | 2025<br>ﷲ     |
|--------------------------|---------------|---------------|
| April 1                  | 10,409,184    | 6,361,646     |
| Charge for the year      | 19,178,381    | 25,615,978    |
| Payments during the year | (16,308,670 ) | (21,568,440 ) |
| March 31                 | 13,278,895    | 10,409,184    |

The charge for the year for tax is as follows:

|                                                 | 2026<br>ﷲ    | 2025<br>ﷲ    |
|-------------------------------------------------|--------------|--------------|
| <b>Current income tax</b>                       |              |              |
| Income tax for the year                         | 19,742,675   | 25,650,398   |
| Over provision for income tax for prior year    | (564,294 )   | (34,420 )    |
|                                                 | 19,178,381   | 26,615,978   |
| <b>Deferred income tax</b>                      |              |              |
| Deferred tax income for the year                | (3,026,586 ) | (7,265,880 ) |
| Total income tax recognized in the current year | 16,151,795   | 18,350,098   |

Income tax expense reconciles to the accounting profit as follows:

|                                                                                                    | 2026<br>ﷲ  | 2025<br>ﷲ  |
|----------------------------------------------------------------------------------------------------|------------|------------|
| <i>Profit before income tax</i>                                                                    | 80,344,945 | 90,148,714 |
| Income tax calculated @ 20%                                                                        | 16,068,989 | 18,029,743 |
| Effect of income / expenses that is exempt / are not deductible in determining taxable profit, net | 82,806     | 320,355    |
|                                                                                                    | 16,151,795 | 18,350,098 |

**Deferred tax balances**

The following is the analysis of deferred tax presented in the statement of financial position:

|                    | 2026<br>ﷲ  | 2025<br>ﷲ |
|--------------------|------------|-----------|
| Deferred tax asset | 10,292,466 | 7,265,880 |

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**14. INCOME TAX (CONTINUED)**

| <b>2026</b>                           | <b>Opening<br/>balance<br/>ﷲ</b> | <b>Recognized<br/>in<br/>profit and loss<br/>ﷲ</b> | <b>Closing<br/>balance<br/>ﷲ</b> |
|---------------------------------------|----------------------------------|----------------------------------------------------|----------------------------------|
| Property and equipment                | 47,043                           | 390,254                                            | 437,297                          |
| Right-of-use assets                   | (1,033,721 )                     | 251,166                                            | (782,555 )                       |
| Provision for expected credit loss    | 1,049,118                        | 2,937,481                                          | 3,986,599                        |
| Provision for end of service benefits | 3,132,042                        | (657,005 )                                         | 2,475,037                        |
| Provision for slow moving inventories | 3,142,218                        | 227,339                                            | 3,369,557                        |
| Lease Liabilities                     | 929,180                          | (122,649 )                                         | 806,531                          |
|                                       | <b>7,265,880</b>                 | <b>3,026,586</b>                                   | <b>10,292,466</b>                |

| <b>2025</b>                           | <b>Opening<br/>balance<br/>ﷲ</b> | <b>Recognized<br/>in<br/>profit and loss<br/>ﷲ</b> | <b>Closing<br/>balance<br/>ﷲ</b> |
|---------------------------------------|----------------------------------|----------------------------------------------------|----------------------------------|
| Property and equipment                | -                                | 47,043                                             | 47,043                           |
| Right-of-use assets                   | -                                | (1,033,721 )                                       | (1,033,721 )                     |
| Provision for expected credit loss    | -                                | 1,049,118                                          | 1,049,118                        |
| Provision for end of service benefits | -                                | 3,132,042                                          | 3,132,042                        |
| Provision for slow moving inventories | -                                | 3,142,218                                          | 3,142,218                        |
| Lease Liabilities                     | -                                | 929,180                                            | 929,180                          |
|                                       | <b>-</b>                         | <b>7,265,880</b>                                   | <b>7,265,880</b>                 |

**15. SHORT TERM LOANS**

|                  | <b>2026<br/>ﷲ</b> | <b>2025<br/>ﷲ</b> |
|------------------|-------------------|-------------------|
| Short term loans | -                 | 100,740,613       |

The Company obtained bank facilities from local banks for short term loans, letters of credit and invoice discounting facilities. These facilities are secured by letter of comfort from the Parent Company and carry financial charges at prevailing market borrowing rates and are repayable within one year from the statement of financial position date. The Company has availed short-term bank loan facilities as at March 31, 2026 of ﷲ 969 million (2025: ﷲ 1,597 million). During the year, the entire amount of the short term loans is repaid.

**16. REVENUES**

The Company generates revenue from the following sources:

|                                                          | <b>2026<br/>ﷲ</b>    | <b>2025<br/>ﷲ</b>    |
|----------------------------------------------------------|----------------------|----------------------|
| <i>Timing of revenue recognition: at a point in time</i> |                      |                      |
| Sales of mobile and electronic devices and accessories   | <b>4,545,957,054</b> | <b>4,509,444,787</b> |

Revenues from five major customers accounted for 22% (2025: 25%) of the Company's revenues for the year ended March 31, 2026, amounting to ﷲ 1,000 million (2025: ﷲ 1,115 million).

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**17. COST OF REVENUES**

|                                                                           | 2026<br>ﷲ            | 2025<br>ﷲ            |
|---------------------------------------------------------------------------|----------------------|----------------------|
| Direct cost of sales                                                      | 4,754,556,308        | 4,733,701,988        |
| Backend support                                                           | (483,490,988)        | (505,166,017)        |
| Allowance (reversal) for slow moving and obsolete inventories<br>(note 7) | (1,235,160)          | 4,577,546            |
| Training and implementation cost                                          | -                    | 206,250              |
|                                                                           | <b>4,269,830,160</b> | <b>4,233,319,767</b> |

During the year, the Company's purchases from one major supplier amounted to ﷲ 1,216 million (2025: ﷲ 1,370 million).

**18. SELLING AND MARKETING EXPENSES**

|                                               | 2026<br>ﷲ         | 2025<br>ﷲ         |
|-----------------------------------------------|-------------------|-------------------|
| Employees' salaries and related benefits      | 39,834,726        | 35,811,104        |
| Allowance for expected credit losses (note 8) | 11,642,766        | 251,506           |
| Sales promotion                               | 22,356,984        | 17,173,616        |
| Warehouse expenses                            | 8,169,677         | 7,675,654         |
| Freight expenses                              | 3,660,388         | 3,885,430         |
| Insurance expenses                            | 1,365,664         | 1,054,032         |
| Others                                        | 3,218,835         | 6,180,304         |
|                                               | <b>90,249,040</b> | <b>72,031,646</b> |

**19. GENERAL AND ADMINISTRATIVE EXPENSES**

|                                          | 2026<br>ﷲ         | 2025<br>ﷲ         |
|------------------------------------------|-------------------|-------------------|
| Employees' salaries and related benefits | 26,556,484        | 23,874,070        |
| Insurance                                | 2,985,470         | 2,797,993         |
| Professional fees                        | 1,855,696         | 2,423,196         |
| Repair and maintenance                   | 1,182,242         | 418,510           |
| Amortization of right-of-use assets      | 1,176,969         | 1,433,856         |
| Depreciation (note 5)                    | 706,117           | 337,809           |
| Travel                                   | 650,048           | 583,296           |
| Communication expenses                   | 351,273           | 134,738           |
| Rent, warehouse and utilities            | 136,865           | 52,658            |
| Postage and courier charges              | 13,489            | 30,963            |
| Others                                   | 5,027,158         | 4,871,273         |
|                                          | <b>40,641,811</b> | <b>36,958,362</b> |

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**20. FINANCE COST**

|                                                         | 2026<br>ﷲ         | 2025<br>ﷲ         |
|---------------------------------------------------------|-------------------|-------------------|
| Letter of credit – discounting finance charges          | 7,370,065         | 9,289,788         |
| Finance cost on short term loans                        | 4,956,744         | 9,577,659         |
| Finance cost on employee's defined benefits liabilities | 722,222           | 658,622           |
| Finance cost on lease liabilities                       | 258,468           | 153,464           |
|                                                         | <b>13,307,499</b> | <b>19,679,533</b> |

**21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

The Company's principal financial liabilities comprise trade payables, due to related parties, lease liabilities and accrued expenses. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade receivables, due from related parties, employees' advances and cash and cash equivalents that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management regularly review the policies and procedures to ensure that all the financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Company does not engage into any hedging activities. The management reviews and agrees policies for managing each of these risks, which are summarized below.

**a) Market Risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: commission rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and long-term liabilities.

Commission risk

Commission rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market commission rates. The Company's exposure to the risk of changes in market commission rates relates primarily to the Company's short-term loans with floating commission rates. The Company manages its exposure to commission rate risk by continuously monitoring movements in commission rates.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company deals mainly in US Dollars, United Arab Emirates Dirham (AED) and Saudi Riyal. As the Saudi Riyal is pegged to the US Dollars and AED, the Company is not exposed to significant foreign currency risk.

Commodity risk

The Company is exposed to the impact of market fluctuations of the price of various inputs to production. From time to time, the Company manages some elements of commodity price risk through the use of fixed price contracts.

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

**b) Credit Risk**

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company's gross maximum exposure to credit risk at the reporting date is as follows:

|                             | 2026<br>ﷲ            | 2025<br>ﷲ            |
|-----------------------------|----------------------|----------------------|
| Trade and other receivables | 1,097,953,270        | 1,138,027,090        |
| Due from related parties    | 575,930              | 641,266              |
| Cash and cash equivalents   | 13,516,200           | 36,567,759           |
|                             | <u>1,112,045,400</u> | <u>1,175,236,115</u> |

Trade and other receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. The Company performs credit-vetting procedures which are reviewed and updated on an ongoing basis before granting credit to its customers. The Company does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Credit approvals and other monitoring procedures are also in place to ensure that follow-up action is taken to recover overdue debts. Furthermore, the Company reviews the recoverable amount of each trade receivable on an individual basis at the end of the reporting period to ensure that adequate loss allowance is made for irrecoverable amounts. In this regard, the directors of the Company consider that the Company's credit risk is significantly reduced. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The Company had five major parties which comprised 26% (2025: 28%) of the trade receivables balance. However, the concentration of credit risk is limited due to the fact that the customers balances are not aged and do not have any liquidity crisis.

Cash and cash equivalents

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. The Company seeks to manage its credit risk with respect to banks by only dealing with reputable banks.

**c) Liquidity Risk**

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to realize financial assets quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available through committed credit facilities to meet any future commitments as well as close monitoring of cash inflows and outflows from operations.

The table below summarizes the maturities of the Company's financial liabilities based on contractual payment dates and current market interest rates.

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

*c) Liquidity Risk (continued)*

|                             | Interest<br>rate<br>% | Less than<br>one year<br>ﷲ | 1 to 5<br>Years<br>ﷲ | Above 5<br>years<br>ﷲ | Total<br>ﷲ           | Carrying<br>amount<br>ﷲ |
|-----------------------------|-----------------------|----------------------------|----------------------|-----------------------|----------------------|-------------------------|
| <b>March 31, 2026</b>       | -                     |                            |                      |                       |                      |                         |
| Due to related parties      | -                     | 444,285,505                | -                    | -                     | 444,285,505          | 444,285,505             |
| Trade and other<br>payables | -                     | 411,151,757                | -                    | -                     | 411,151,757          | 411,151,757             |
| Lease liability             | 2.75 to 6.7           | 1,266,667                  | 2,533,334            | -                     | 3,800,001            | 3,452,098               |
|                             |                       | <b>856,703,929</b>         | <b>2,533,334</b>     | <b>-</b>              | <b>859,237,263</b>   | <b>858,889,360</b>      |
|                             | Interest<br>rate<br>% | Less than<br>one year<br>ﷲ | 1 to 5<br>Years<br>ﷲ | Above 5<br>years<br>ﷲ | Total<br>ﷲ           | Carrying<br>amount<br>ﷲ |
| <b>March 31, 2025</b>       |                       |                            |                      |                       |                      |                         |
| Due to related parties      | -                     | 506,583,334                | -                    | -                     | 506,583,334          | 506,583,334             |
| Trade and other<br>payables | -                     | 478,282,631                | -                    | -                     | 478,282,631          | 478,282,631             |
| Short term loans            | 6.7                   | 107,490,234                | -                    | -                     | 107,490,234          | 100,740,613             |
| Lease liability             | 2.75 to 6.7           | 1,453,201                  | 3,800,001            | -                     | 5,253,202            | 4,645,903               |
|                             |                       | <b>1,093,809,400</b>       | <b>3,800,001</b>     | <b>-</b>              | <b>1,097,609,401</b> | <b>1,090,252,481</b>    |

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

**Capital management**

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

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

The capital structure of the Company consists of equity comprising share capital, statutory reserve and retained earnings.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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**22. EMPLOYEES' DEFINED CONTRIBUTION PLAN**

The Company makes contributions for a defined contribution retirement benefit plan to the General Organization for Social Insurance in respect of its Saudi employees. The total amount expensed during the year in respect of this plan was ~~ﷲ~~ 850,489 (2025: ~~ﷲ~~ 627,858).

**23. CONTINGENCIES AND COMMITMENTS**

The Company files during its normal activity various lawsuits and other claims mainly related to receivables due from customers. The Company records adequate provision against such receivable balances. Furthermore, no claims have been filed against the Company as at the statement of financial position date.

|                      | 2026<br><del>ﷲ</del> | 2025<br><del>ﷲ</del> |
|----------------------|----------------------|----------------------|
| Letter of guarantees | <u>123,275,000</u>   | <u>112,025,000</u>   |

**24. EVENTS SUBSEQUENT TO THE REPORTING DATE**

There were no events subsequent to March 31, 2026 and occurring before the date of the approval of the financial statements report that are expected to have a significant impact on these financial statements except for the below.

Subsequent to the reporting date, geopolitical tensions in the Middle East have escalated following a conflict involving the United States, Israel and Iran. As at the date of authorisation of these financial statements, management is actively monitoring the situation. The evolving geopolitical conditions present heightened risks related to regional security, logistics, energy supply, and insurance coverage, which may potentially affect operational continuity. However, as of the reporting date, no disruptions to operations have been identified by management.

In addition, this could also lead to volatility in oil prices. However, the extent and duration of any such effects remain uncertain and dependent on future developments. Given the rapidly changing circumstances, it is currently not possible to reliably estimate any potential financial impact. Management will continue to closely monitor the situation and assess any implications for the Company's operations, financial position, and financial performance.

**25. DATE OF AUTHORISATION**

These financial statements were approved by the Board of Directors and authorized for issue on May 31, 2026.