



شركة زهرة الواحة للتجارة
Zahrat Al Waha for Trading Company



General Assembly Meeting

شركة زهرة الواحة للتجارة
Zahrat Al Waha for Trading Company



Item No 2





KPMG Professional Services Company

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P.O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
Commercial Registration No 1010425494

Headquarters in Riyadh

شركة كي بي إم جي للاستشارات المهنية مساهمة مهنية

واجهة روشن، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

Independent Auditor's Report

To the Shareholders of Zahrat Al Waha for Trading Company (Saudi Joint stock Company)

Opinion

We have audited the financial statements of Zahrat Al Waha for Trading Company ("the Company"), which comprise the statement of financial position as of 31 December 2025, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2025, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) 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), that is endorsed in the Kingdom of Saudi Arabia, as applicable to audits of the financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code's requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report (continued)

To the Shareholders of Zahrat Al Waha for Trading Company (Saudi Joint stock Company)

Revenue Recognition

Refer to note (5) to the financial statements for the accounting policy relating to revenue recognition and note (27) to the financial statements for the related disclosures.

The key audit matter

During the year ended 31 December 2025, the Company recognised total revenues of (ﷲ) 475.3 million from the sale of products, recognised upon the transfer of control to customers, in accordance with IFRS 15 Revenue from Contracts with Customers.

Revenue is recognized at a point in time once performance obligation is satisfied resulting from the sale of products after the transfer of control to customers.

Revenue recognition is considered a Key Audit Matter as it is a key measure of the Company's performance and involves a large number of transactions and due to the complexity involved in determining the appropriate timing of revenue recognition based on the transfer of control, With the presence of risks of material misstatement arising from potential fraud.

The risk arises from the possibility of inappropriate revenue recognition, including premature recognition, fictitious revenue, or the incorrect application of IFRS 15. In addition, revenue recognition is presumed to be a fraud risk under auditing standards, which requires heightened auditor scrutiny and the performance of additional audit procedures.

How the matter was addressed in our audit

Our audit procedures performed included, among others, the following:

- Assessed whether the Company's revenue recognition policies comply with IFRS 15 Revenue from Contracts with Customers and whether they are appropriate to its business model.
- Inquired from management and those charged with governance regarding fraud risk awareness, the existence of any identified or suspected fraud cases, and their views on pressures or incentives that could lead to inappropriate revenue recognition.
- Obtain an understanding of the key internal controls related to revenue recognition and evaluate their design and operating effectiveness.
- Inspected on sample basis, customer contracts and supporting agreements.
- Selected samples of sales transactions during the year to verify that revenue was recognised only upon transfer of control to customers, inspecting corroborating evidence such as invoices and delivery documentation.
- Tested samples of sales transactions around the year-end before and after cut-off period to assess whether recognition is in the correct financial period.
- Performed reconciliation of recorded revenue to cash receipts to assess completeness and identify any unusual or unmatched transactions.
- Assessed the adequacy and completeness of revenue-related disclosures in the financial statements for compliance with IFRS 15.

Independent Auditor's Report (continued)

To the Shareholders of Zahrat Al Waha for Trading Company (Saudi Joint stock Company)

Impairment of trade receivables

Refer to note (5) to the financial statements for the accounting policy relating to impairment of financial assets and note (25-2) to the financial statements for the related disclosures.

The key audit matter	How the matter was addressed in our audit
<p>At 31 December 2025, trade receivables are stated at to (ﷲ)190.6 million and the related expected credit loss (ECL) allowance is stated at (ﷲ) 31.4 million.</p> <p>The Company applies the expected credit loss model under IFRS 9 "Financial Instruments" to account for impairment of financial assets using the simplified approach.</p> <p>The application of Expected credit loss model involves significant management judgment, including consideration of historical collection experience, and specific assessment of overdue trade receivables accounts. These estimates and assumptions are expected to have material impact on the financial statements.</p> <p>This matter was considered significant due to the magnitude of the receivable balances and the subjectivity in management's assumptions and estimates.</p>	<p>Our audit procedures performed included, among others, the following:</p> <ul style="list-style-type: none">• Assessed the reasonableness of management's ECL model.• Evaluated the design and implementation of controls over credit risk assessment and impairment estimation.• Inspected the receivables ageing report to identify overdue balances and assess the adequacy of the impairment allowance.• Inspected management's identification of individually impaired receivables.• Consulted our own internal specialist to assess the model framework and assumptions used by management, and to evaluate the reasonableness of estimates applied in determining impairment losses.• On a sample basis, we tested the completeness, accuracy, and validity of data used in the impairment calculations by verifying supporting documents.• We evaluated the adequacy of disclosures in the financial statements regarding trade receivables and related expected credit loss allowance.

Other matter

The financial statements as at and for the year ended 31 December 2024 were audited by another auditor who expressed an unmodified opinion on those financial statements on 19 Ramadan 1446H (corresponding to 19 March 2025).

Independent Auditor's Report (continued)

To the Shareholders of Zahrat Al Waha for Trading Company (Saudi Joint stock Company)

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, when made available to us, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 'Reasonable assurance' is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal Control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, then 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.

Independent Auditor's Report (continued)

To the Shareholders of Zahrat Al Waha for Trading Company (Saudi Joint stock Company)

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

- 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 of **Zahrat Al Waha for Trading Company**.

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

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

KPMG Professional Services Company

Dr. Abdullah Hamad Al Fozan
License No.: 348

Riyadh on 8 March 2026

Corresponding to 19 Ramadan 1447

