

SIMAH RATING AGENCY
(A Single Person Limited Liability Company)

FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2025

Simah Rating Agency
(A Single Person Limited Liability Company)

Financial Statements and Independent Auditor's Report
For the year ended 31 December 2025

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ERNST & YOUNG PROFESSIONAL SERVICES (PROFESSIONAL LLC)
Paid-Up Capital: ٥,500,000 (Five Million Five Hundred Thousand Saudi Riyals)

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INDEPENDENT AUDITOR'S REPORT TO THE OWNER OF SIMAH RATING AGENCY (A SINGLE PERSON LIMITED LIABILITY COMPANY)

Opinion

We have audited the financial statements of Simah Rating Agency (the "Company"), which comprise the statement of financial position as at 31 December 2025, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2025, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants.

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 that is relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with that Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants and the applicable provisions 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 are responsible for overseeing the Company's financial reporting process.



Shape the future
with confidence

**INDEPENDENT AUDITOR'S REPORT
TO THE OWNER OF SIMAH RATING AGENCY (CONTINUED)
(A SINGLE PERSON LIMITED LIABILITY COMPANY)**

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



**INDEPENDENT AUDITOR'S REPORT
TO THE OWNER OF SIMAH RATING AGENCY (CONTINUED)
(A SINGLE PERSON LIMITED LIABILITY COMPANY)**

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

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

for Ernst & Young Professional Services

Ahmed Ibrahim Reda
Certified Public Accountant
License No. (356)



Riyadh: 12 Shawwal 1447H
(31 March 2026)

Simah Rating Agency
(A Single Person Limited Liability Company)

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

	<i>Notes</i>	2025 SR	2024 SR
Commercial credit report usage		16,721,503	18,832,466
Other research and support services		-	3,110,000
Total revenue		16,721,503	21,942,466
General and administrative expenses	17	(14,541,249)	(15,999,782)
Selling and marketing expenses		(322,420)	(210,466)
Reversal of provision for expected credit loss on trade receivable	9	350,370	365,988
Other income	18	2,233,404	1,623,747
Profit for the year before zakat and income tax		4,441,608	7,721,953
Zakat and income tax	15	(972,076)	(1,191,397)
Profit for the year		3,469,532	6,530,556
Other comprehensive income			
<i>Item that will not be reclassified to statement of profit or loss in subsequent periods:</i>			
Re-measurement (loss)/ gain on employees end of service benefits obligation	12	(116,773)	79,859
Total other comprehensive income for the year		(116,773)	79,859
Total comprehensive income for the year		3,352,759	6,610,415

The attached notes 1 to 24 form an integral part of these financial statements.

Simah Rating Agency
(A Single Person Limited Liability Company)

STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	<i>Notes</i>	2025 SR	2024 SR
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	5	86,381	99,357
Intangible assets	6	874,351	1,330,914
Investments in Sukuk - at amortised cost	8	10,992,370	-
TOTAL NON- CURRENT ASSETS		<u>11,953,102</u>	<u>1,430,271</u>
CURRENT ASSETS			
Trade receivables	9	623,300	246,181
Prepayments and other current assets		1,329,133	2,847,682
Investments in Murabaha - at amortised cost	7	25,000,000	41,000,000
Cash and cash equivalents	10	10,690,277	6,396,671
TOTAL CURRENT ASSETS		<u>37,642,710</u>	<u>50,490,534</u>
TOTAL ASSETS		<u>49,595,812</u>	<u>51,920,805</u>
SHAREHOLDER EQUITY AND LIABILITIES			
SHAREHOLDER'S EQUITY			
Share capital		5,000,000	5,000,000
Statutory reserve	11	1,650,000	1,650,000
Retained earnings		37,982,385	34,629,626
TOTAL SHAREHOLDER'S EQUITY		<u>44,632,385</u>	<u>41,279,626</u>
NON-CURRENT LIABILITIES			
Employees' end of service benefits	12	971,581	614,556
TOTAL NON-CURRENT LIABILITIES		<u>971,581</u>	<u>614,556</u>
CURRENT LIABILITIES			
Unearned Revenue	13	479,800	3,106,923
Accrued expenses and other payables	14	2,345,958	5,474,637
Due to a related party	16	40,250	155,250
Zakat and income tax provision	15	1,125,838	1,289,813
TOTAL CURRENT LIABILITIES		<u>3,991,846</u>	<u>10,026,623</u>
TOTAL LIABILITIES		<u>4,963,427</u>	<u>10,641,179</u>
TOTAL EQUITY AND LIABILITIES		<u>49,595,812</u>	<u>51,920,805</u>

The attached notes 1 to 24 form an integral part of these financial statements.

Simah Rating Agency
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STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	<i>Share capital SR</i>	<i>Statutory reserve SR</i>	<i>Retained earnings SR</i>	<i>Total SR</i>
As at 1 January 2024	5,000,000	1,650,000	28,019,211	34,669,211
Net profit for the year	-	-	6,530,556	6,530,556
Other comprehensive income for the year	-	-	79,859	79,859
Total comprehensive income for the year	-	-	6,610,415	6,610,415
As at 31 December 2024	<u>5,000,000</u>	<u>1,650,000</u>	<u>34,629,626</u>	<u>41,279,626</u>
As at 1 January 2025	5,000,000	1,650,000	34,629,626	41,279,626
Net profit for the year	-	-	3,469,532	3,469,532
Other comprehensive loss	-	-	(116,773)	(116,773)
Total comprehensive income for the year	-	-	3,352,759	3,352,759
As at 31 December 2025	<u>5,000,000</u>	<u>1,650,000</u>	<u>37,982,385</u>	<u>44,632,385</u>

The attached notes 1 to 24 form an integral part of these financial statements.

Simah Rating Agency
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STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	Notes	2025 SR	2024 SR
OPERATING ACTIVITIES			
Profit for the year before zakat and income tax		4,441,608	7,721,953
<i>Adjustments to reconcile profit for the year before zakat and income tax to net cash from operating activities:</i>			
Depreciation on property and equipment	5	12,976	1,808
Amortisation of intangibles assets	6	456,563	456,562
Provision of end of service benefits	12	240,252	273,304
Reversal of provision on trade receivable	9	(350,370)	(365,988)
<i>Operating cash flows before working capital changes</i>		<u>4,801,029</u>	<u>8,087,639</u>
Changes in operating assets and liabilities:			
Trade receivables and other current assets		1,491,800	7,195,369
Accrued expenses and other payables		(3,128,679)	430,814
Due to a related party		(115,000)	(342,750)
Unearned revenue		(2,627,123)	333,923
Cash generated from operations		<u>422,027</u>	<u>15,704,995</u>
End of service benefits paid	12	-	(29,115)
Zakat and income tax paid	15	(1,136,051)	(1,181,575)
Net cash flows (used) / generated from operating activities		<u>(714,024)</u>	<u>14,494,305</u>
INVESTING ACTIVITIES			
Purchase of property and equipment	5	-	(98,056)
Investment in Sukuk	8	(10,992,370)	-
Purchase of investment in Murabaha	7	(81,000,000)	(41,000,000)
Maturity of Murabaha investment	7	97,000,000	30,000,000
Net cash flows generated from / (used in) investing activities		<u>5,007,630</u>	<u>(11,098,056)</u>
Net increase in cash and cash equivalents		4,293,606	3,396,249
Cash and cash equivalents at beginning of the year		<u>6,396,671</u>	<u>3,000,422</u>
Cash and cash equivalents at the end of the year	10	<u><u>10,690,277</u></u>	<u><u>6,396,671</u></u>

The attached notes 1 to 24 form an integral part of these financial statements.

Simah Rating Agency
(A Single Person Limited Liability Company)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. CORPORATE INFORMATION

Simah Rating Agency (the Company) is a limited liability company registered in Saudi Arabia on 4 Shaban 1437H (corresponding to 11 May 2016) under commercial registration No.1010461157 and Unified identification number 7010453111 issued by the Ministry of Commerce. The address of the Company's head office is 3196, Saud Ibn Faisal Street, Al Sahafah District, P.O. Box 13321-6243, Riyadh, Saudi Arabia.

The Company is a wholly owned subsidiary of Saudi Credit Bureau Company (SIMAH) (the Parent Company) which is a Saudi closed joint stock company and is involved in providing credit information services to investors and members.

The Company is established as a limited liability company which is engaged in providing credit rating services under the Capital Market Authority Approval No (R/16/146/6/1). The Company obtained license No 08-15001 from the Capital Market Authority to commence its activity on 29 December 2016.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

The financial statements have been prepared on a historical cost basis except for the defined benefit plan which is measured at present value of future obligations using Projected Unit Credit Method. Further, the financial statements are prepared using the accrual basis of accounting and going concern concept.

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Saudi Riyals ("SR"), which is the Company's functional and presentation currency.

Simah Rating Agency
(A Single Person Limited Liability Company)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

2. BASIS OF PREPARATION (CONTINUED)

2.3 *Standard amendments issued and effective*

The following standards, interpretations or amendments, are effective from the current year and adopted by the Company, however, these do not have significant impact on the financial statements of the Company.

Standard, interpretation and amendments	Description	Effective date
Lack of exchangeability – Amendments to IAS 21	In August 2023, the IASB issued amendments to IAS 21 <i>The Effects of Changes in Foreign Exchange Rates</i> to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows. When applying the amendments, an entity cannot restate comparative information. The amendments are not expected to have a material impact on the Company's financial statements.	The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted, but will need to be disclosed

2.4 *Significant standards issued but not yet effective*

The International Accounting Standard Board (IASB) has issued following accounting standards and / or amendments, which will become effective from periods beginning on or after 1 January 2025. The Company has opted not to early adopt these pronouncements and is in the process of assessing the impact on the financial statements of the Company.

Standard, interpretation and amendments	Description	Effective date
Classification and Measurement of Financial Instruments- Amendment to IFRS 9 and IFRS 7	<p>These amendments:</p> <ul style="list-style-type: none"> 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 <p>make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).</p>	The amendments will be effective for annual reporting periods beginning on or after 1 January 2026. Early adoption is permitted, but will need to be disclosed

Simah Rating Agency
(A Single Person Limited Liability Company)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

2. BASIS OF PREPARATION (CONTINUED)

2.4 Significant standards issued but not yet effective (continued)

Standard, interpretation and amendments	Description	Effective date
IFRS 18 Presentation and Disclosure in Financial Statements	<p>In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals.</p> <p>Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new. It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.</p> <p>In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.</p> <p>IFRS 18 will apply retrospectively. The Company is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.</p>	IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed
IFRS 19 Subsidiaries without Public Accountability: Disclosures	<p>In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards.</p>	IFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted.

The management is in the process of assessing the impact of these standards, amendments or interpretations on future periods and on foreseeable future transactions.

Simah Rating Agency
(A Single Person Limited Liability Company)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, the accompanying disclosures and the disclosure of contingent liabilities, at the reporting date.

However, uncertainty about these assumptions and estimates could result in outcomes that may require a material adjustment to the carrying amount of the asset or liability affected in the future.

These estimates and assumptions are based upon experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised or in the revision period and future periods if the changed estimates affect both current and future periods.

3.1 Assumption and Estimation Uncertainties

Information about assumptions and estimation uncertainties that have a significant risk resulting in a material adjustment to the carrying amounts of assets and liabilities within the next reporting period is included in the following notes:

- Note 12: Measurement of defined benefit obligations: key actuarial assumptions;
- Notes 5 and 6: Estimated useful lives of property and equipment, and intangible assets; and
- Note 9: Measurement of expected credit loss

4. MATERIAL ACCOUNTING POLICY INFORMATION

4.1 Property and equipment

Property and equipment is stated at cost less accumulated depreciation and accumulated impairment losses, if any. When spare parts are expected to be used during more than one period, then they are accounted for as property and equipment.

Historical 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.

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 Company applies the following annual rates of depreciation to its property and equipment:

Office furniture and fixtures	6 years
Office Equipment	5 years

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.

Capital work in progress is stated at cost until the construction or installation is complete. Upon the completion of construction or installation, the cost of such assets together with cost directly attributable to construction or installation, including capitalized borrowing cost, are transferred to the respective class of asset. No depreciation is charged on capital work in progress.

Simah Rating Agency
(A Single Person Limited Liability Company)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.2 Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. The cost of intangible assets acquired in a business combination is their fair value at the effective date of the business combination. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Intangible assets, which comprises software, are amortized over a period of 4 - 6 years.

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

4.3 Leasing

The determination of whether a contract contains a lease based on the substance of the arrangement at the inception date. The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

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

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

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Company applies judgment in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

4.5 Impairment of non-financial assets

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

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in the statement of profit or loss.

Simah Rating Agency
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.5 Impairment of non-financial assets(continued)

Impairment losses of continuing operations are recognized in the statement of profit or loss in those expense categories consistent with the function of the impaired asset, except for a property previously revalued where the revaluation was taken to OCI. In this case, the impairment is also recognized in OCI up to the amount of any previous revaluation.

4.6 Deferred Tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences and unused tax losses can be utilized.

Such deferred tax assets and liabilities are not recognized if the temporary difference and unused tax losses arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint venture, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

4.7 Financial instruments

Recognition and initial measurement

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

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

Classification and subsequent measurement

(a) Financial assets

On initial recognition, a financial asset is classified as: amortised cost; Fair Value through Other Comprehensive Income (FVOCI) – equity investment; or FVTPL.

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

Simah Rating Agency
(A Single Person Limited Liability Company)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.7 Financial instruments (Continued)

Classification and subsequent measurement (Continued)

(a) Financial assets (Continued)

A financial asset is classified and measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

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

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL

Business model assessment

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

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

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

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

Assessment whether contractual cash flows are solely payments of principal and interest

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

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.7 Financial instruments (Continued)

Classification and subsequent measurement (Continued)

(a) Financial assets (Continued)

In making this assessment, the Company considers:

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

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

Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in the statement of profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in the statement profit or loss. Any gain or loss on derecognition is recognized in the statement of profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

(b) Financial liabilities:

Classification, subsequent measurement and gains and losses

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.7 Financial instruments (Continued)

Classification and subsequent measurement (Continued)

(c) Derecognition:

Financial assets

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

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

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the statement profit or loss.

(d) Offsetting:

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

(e) Impairment of Financial Instruments:

Financial instruments and contract assets

The Company recognises loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortised cost. Loss allowances for trade receivables with or without significant financing component are always measured at an amount equal to lifetime ECL.

Bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition are measured at 12-month ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). In all cases, the maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.7 Financial instruments (Continued)

Classification and subsequent measurement (Continued)

(e) Impairment of Financial Instruments (Continued)

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 360 days past due;
- It is probable that the borrower will enter bankruptcy or other financial reorganization; or the disappearance of an active market for a security because of financial difficulties

Presentation of allowance for ECL in the statement of financial position

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

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written-off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

4.8 Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank balances and short-term deposits with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents for the purpose of cashflows includes bank overdraft

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.9 Employee benefits and post-employment benefits

Short term obligations

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Post-employment obligation (defined benefit plan)

Company's gratuity scheme is categorized as a defined benefit plan. This plan is not funded. The Company's obligation in respect of the said defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. Re-measurements of the defined benefit liability, which comprise actuarial gains and losses, are recognized immediately in OCI. The Company determines the interest expense on the defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then defined benefit liability, taking into account any changes in the defined benefit liability during the period as a result of benefit payments. Interest expense and other expenses related to defined benefit plans are recognized in the statement of profit or loss.

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

4.10 Zakat and Income Tax

Zakat is calculated in accordance with zakat regulations issued by the Zakat, Tax and Customs Authorities ("ZATCA"). The income tax provision for foreign companies is calculated in the financial statements in accordance with the tax regulations of the countries in which they operate. Adjustments resulting from final zakat and foreign exchange are accounted for during the financial year in which the final assessment is issued.

Income tax expense or tax credit represents taxable income in the taxable period in accordance with the applicable income tax rate for each range adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and unutilized tax losses.

Current income tax expense is calculated on the basis of applicable tax laws or which will be applied effectively at the end of the reporting period in the countries in which the subsidiaries and associates of the Company operate and earn taxable income. The administration periodically evaluates tax assessments for cases in which the applicable tax regulations are subject to interpretation.

Provisions are made on the basis of amounts expected to be paid to tax authorities.

4.11 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 recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When 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 discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.12 Current vs non-current classification

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

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

The Company classifies all other assets as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current

4.13 Revenue Recognition

Revenue may either be recognized on an “over-time” (OT) basis or a “point-in-time” (PIT) basis. Following paragraphs provide information about the nature and timing of the satisfaction of performance obligations in each of the above methods, criteria for using a particular method and related revenue recognition policies. Unearned revenue primarily comprises of advance received from customers against which performance obligation is yet to be fulfilled.

Revenue from services primarily comprises fees charged for companies /instruments related to obtaining a rating to assess their financial status and solvency.

Under IFRS 15, the company assessed that there is only one performance obligation in a contract for consumer credit report usage services, because its promises to transfer services that are not capable of being distinct

Under IFRS 15, The company concluded that revenue from commercial credit report services will be recognized over time as the performance obligation is performed in phasis.

4.14 Foreign Currency Translation

Transactions in foreign currencies are converted to Saudi Riyal at the exchange rate at the date of transactions

Monetary assets and liabilities denominated in foreign currencies are retranslated to Saudi Riyals at the rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognized in the statement of profit or loss and other comprehensive income.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in the statement of profit or loss.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

5. PROPERTY AND EQUIPMENT

	<i>Office furniture and fixtures SR</i>	<i>Office equipment SR</i>	<i>Work in progress SR</i>	<i>Total 2025 SR</i>
<i>Cost</i>				
At the beginning of the year	87,495	20,964	24,300	132,759
Additions	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At the end of the year	87,495	20,964	24,300	132,759
<i>Accumulated depreciation:</i>				
At the beginning of the year	12,438	20,964	-	33,402
Charge for the year	12,976	-	-	12,976
	<hr/>	<hr/>	<hr/>	<hr/>
At the end of the year	25,414	20,964	-	46,378
<i>Net book value</i>				
At 31 December 2025	<u>62,081</u>	<u>-</u>	<u>24,300</u>	<u>86,381</u>

	<i>Office furniture and fixtures SR</i>	<i>Office equipment SR</i>	<i>Work in progress SR</i>	<i>Total 2024 SR</i>
<i>Cost</i>				
At the beginning of the year	13,739	20,964	-	34,703
Additions	73,756	-	24,300	98,056
	<hr/>	<hr/>	<hr/>	<hr/>
At the end of the year	87,495	20,964	24,300	132,759
<i>Accumulated depreciation:</i>				
At the beginning of the year	10,632	20,962	-	31,594
Charge for the year	1,806	2	-	1,808
	<hr/>	<hr/>	<hr/>	<hr/>
At the end of the year	12,438	20,964	-	33,402
<i>Net book value</i>				
At 31 December 2024	<u>75,057</u>	<u>-</u>	<u>24,300</u>	<u>99,357</u>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

6. INTANGIBLE ASSETS

Intangible assets represent mainly computer software.

	2025 SR	2024 SR
Cost		
At the beginning of the year	2,184,660	2,184,660
Additions during the year	-	-
At the end of the year	<u>2,184,660</u>	<u>2,184,660</u>
Accumulated amortization		
At the beginning of the year	853,746	397,184
Charge for the year	456,563	456,562
At the end of the year	<u>1,310,309</u>	<u>853,746</u>
Net book value at the end of the year	<u>874,351</u>	<u>1,330,914</u>

7. INVESTMENTS IN MURABAHA – AT AMORTISED COST

As at 31 December 2025, the investments of the Company primarily comprise of investments in Murabaha placements. The detailed breakdown of these investments is as follows:

	2025 SR	2024 SR
Murabaha placements – at amortised cost (A)	<u>25,000,000</u>	<u>41,000,000</u>
	<u>25,000,000</u>	<u>41,000,000</u>

A) Murabaha placements

This comprises of Murabaha Placements held with the following financial institutions:

	<i>Maturity Date</i>	<i>Nominal value (SR)</i>	<i>Rate</i>
Al Rajhi Bank	15 February 2026	20,000,000	5.20%
Saudi Awwal Bank	31 March 2026	5,000,000	5.00%

B) Movement in nominal value of investment during the year is as follows

	2025 SR	2024 SR
Balance at beginning of the year	41,000,000	30,000,000
Purchased during the year	81,000,000	41,000,000
Matured during the year	<u>(97,000,000)</u>	<u>(30,000,000)</u>
Balance at the end of the year	<u>25,000,000</u>	<u>41,000,000</u>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

8. INVESTMENTS IN SUKUK – AT AMORTISED COST

As at 31 December 2025, the investments of the Company primarily comprise of investments in Sukuk at Amortised cost. The detailed breakdown of these investments is as follows:

	<i>2025</i> <i>SR</i>	<i>2024</i> <i>SR</i>
Sukuk – at amortised cost (A)	<u>10,992,370</u>	-
	<u>10,992,370</u>	<u>-</u>

A) Sukuk

This comprises of Sukuk placement held with the following financial institutions:

	<i>Maturity Date</i>	<i>Nominal value</i> <i>(SR)</i>	<i>Coupon Rate</i> <i>(semi annual)</i>
Al Rajhi Capital	18 January 2039	11,200,000	5.14%

B) Movement in investment during the year is as follows:

	<i>Amount</i> <i>SR</i>
Balance at beginning of the year	-
Purchased during the year	<u>10,992,370</u>
Balance at the end of the year	<u>10,992,370</u>

The Sukuk was purchased on the last day of the reporting period at a discount, resulting in an initial carrying amount of SR 10,992,370. The investment is measured at amortised cost in accordance with IFRS 9.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

9. TRADE RECEIVABLES

Trade receivables comprise as follow:

	<i>2025</i> <i>SR</i>	<i>2024</i> <i>SR</i>
Trade receivables	<u>623,300</u>	<u>762,151</u>
	623,300	762,151
Less:		
Provision for expected credit loss on trade receivables	-	(515,970)
	<u>623,300</u>	<u>246,181</u>

The movement of provision for expected credit loss on trade receivable during the year is as follows:

	<i>2025</i> <i>SR</i>	<i>2024</i> <i>SR</i>
Balance at the beginning of the year	515,970	881,958
Reversal during the year	(350,370)	(365,988)
Write off during the year	(165,600)	-
Balance at the end of the year	<u>-</u>	<u>515,970</u>

Exposure to credit risk and impairment loss is included in note 21.

The following table provides information about the age analysis for gross carrying amounts of trade receivables from customers as at 31 December 2025:

Age Group	<i>2025</i> <i>SR</i>	<i>2024</i> <i>SR</i>
Not yet due	-	-
1–90 days	623,300	246,181
91–180 days	-	-
181–270 days	-	-
271–360 days	-	-
More than 360 days	-	515,970
	<u>623,300</u>	<u>762,151</u>

10. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise as follows:

	<i>2025</i> <i>SR</i>	<i>2024</i> <i>SR</i>
Cash at banks	10,690,277	6,393,671
Cash on hand	-	3,000
	<u>10,690,277</u>	<u>6,396,671</u>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

11. STATUTORY RESERVE

Under the amended Companies Law, maintaining a statutory reserve is no longer mandatory. However, the reserve may only be transferred to retained earnings once the Company's Articles of Association are amended. Management has elected to continue maintaining the reserve.

12. EMPLOYEES END OF SERVICE BENEFITS

	<i>2025</i>	<i>2024</i>
	<i>SR</i>	<i>SR</i>
Balance at the beginning of the year	614,556	450,226
Current service cost	191,673	248,091
Interest cost	48,579	25,213
Paid during the year	-	(29,115)
Actuarial loss / (gain)	116,773	(79,859)
Balance at the end of the year	971,581	614,556

The most recent actuarial valuation was carried out by a qualified actuarial expert, and this was carried out using the projected unit credit method.

The main assumptions used for actuarial valuation were as follows:

	<i>2025</i>	<i>2024</i>
	%	%
Discount rate	5.0%	5.60
Rate of increase in salaries	3.5%	3.50

All movements are recognized in the employee benefit obligations specified in profit or loss, except for actuarial gains which is recognized in other comprehensive income.

Sensitivity analysis

The sensitivity analysis described below is based on possible changes to assumptions that may occur at the end of the reporting period, with other assumptions remaining constant.

	<i>2025</i>	<i>2024</i>
	<i>SR</i>	<i>SR</i>
Discount rate +1%	729,567	608,021
Discount rate -1%	1,000,418	625,902
Long term salary +1%	1,003,564	629,092
Long term salary -1%	725,130	602,783

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

13. UNEARNED REVENUE

Unearned revenue consists of contracts with customers in the year for which the respective performance obligations have not been met as at year end. Movement in unearned revenue is given below:

	<i>2025</i>	<i>2024</i>
	<i>SR</i>	<i>SR</i>
Balance at the beginning of the year	3,106,923	2,773,000
Addition in the year	14,094,380	19,166,389
Transfers to revenue during the year	<u>(16,721,503)</u>	<u>(18,832,466)</u>
Balance at the end of the year	<u>479,800</u>	<u>3,106,923</u>

14. ACCRUED EXPENSES AND OTHER PAYABLES

Accrued expenses and other payables comprised as of 31 December as follow:

	<i>2025</i>	<i>2024</i>
	<i>SR</i>	<i>SR</i>
Staff rewards	1,363,285	3,134,730
Value added tax	281,321	1,081,689
Board remuneration accrual	-	527,995
Salaries and employee related benefits	157,784	143,821
Other payables	<u>543,568</u>	<u>586,402</u>
	<u>2,345,958</u>	<u>5,474,637</u>

15. ZAKAT AND INCOME TAX PROVISION

Status of assessments

The Company has filed its zakat and income tax returns with Zakat, Tax and Customs Authority (ZATCA) for all the years up to 31 December 2025. The final assessments for all years subsequent to 2018 have not yet been raised by ZATCA.

Movement in provision during the year

Zakat and Income tax

	<i>2025</i>	<i>2024</i>
	<i>SR</i>	<i>SR</i>
Balance at the beginning of the year	1,289,813	1,279,991
Provision for the year	972,076	1,191,397
Payments made during the year	<u>(1,136,051)</u>	<u>(1,181,575)</u>
Balance at the end of the year	<u>1,125,838</u>	<u>1,289,813</u>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

15. ZAKAT AND INCOME TAX PROVISION (CONTINUED)

Zakat base

The zakat provision is calculated based on the following:

	2025 SR	2024 SR
Share of Saudi Shareholders in Shareholder's equity	36,743,011	36,090,493
Opening provisions and other adjustments	(784,177)	515,970
Adjusted net income for the year	<u>3,941,204</u>	<u>6,611,854</u>
Zakat base	<u>39,900,038</u>	<u>43,218,317</u>
Zakat calculated for the year at 2.578%	<u>1,028,623</u>	<u>1,117,084</u>

Tax Base

The tax provision is calculated based on the following:

	2025 SR	2024 SR
Adjusted net profit for the year	<u>486,074</u>	<u>863,646</u>
Income tax at 20%	<u>97,215</u>	<u>172,729</u>

The Company is a wholly owned subsidiary of Saudi Credit Bureau Company (SIMAH) (the Parent company) and the parent company has foreign shareholders to which income tax applies to the company.

16. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent parent company, related firms, directors and key management personnel, and entities controlled or significantly influenced by such parties.

Significant transactions with parent company

The significant transaction with parent company is shown below:

	2025 SR	2024 SR
Expenses incurred on behalf of the Company	<u>575,000</u>	<u>624,000</u>
	<u>575,000</u>	<u>624,000</u>

Terms and conditions of transactions and balances with related parties

Transactions with related parties are made at terms equivalent to those that prevail in Company's normal commercial transactions. Outstanding balances at the reporting date are unsecured, interest free and are usually settled in cash. There have been no guarantees provided or received for any related party receivables or payables. During the current and prior year, the Company has not recorded any impairment of receivables relating to amounts owed by related party. This assessment is undertaken each period by examining the financial position of the related party and the market in which the related party operates.

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For the year ended 31 December 2025

16. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

Key management compensation

Members of the Board of Directors shall not be granted any compensation for their role in the management of the Company unless approved by the general assembly. The members of the board of directors shall be granted attendance allowance for meetings of the board of directors fixed remuneration as a result of their direct management and responsibilities.

	2025	2024
	SR	SR
Board of Directors	528,000	528,000
Rating Committee	169,900	146,343
Administration Committee	77,000	68,000
	<u>774,900</u>	<u>742,343</u>

The following balances are due to a related party in the normal course of business:

	2025	2024
	SR	SR
Due to the parent company	40,250	155,250
	<u>40,250</u>	<u>155,250</u>

17. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the year ended 31 December comprised of the following:

	2025	2024
	SR	SR
Salaries and employee benefits	10,747,863	11,544,535
Professional fees	781,541	1,030,203
Board and Committees remuneration	774,900	742,343
Insurance	629,865	1,015,754
Government, license and subscription expenses	491,846	455,589
Short term lease rentals	459,000	459,000
Amortisation of intangible assets	456,563	456,562
Travel and transportation	81,448	34,619
Depreciation on property and equipment	12,976	1,808
Hospitality	6,244	75,020
Others	99,003	184,349
	<u>14,541,249</u>	<u>15,999,782</u>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

18. OTHER INCOME

	2025	2024
	SR	SR
Income from short term Murabaha placements	<u>2,233,404</u>	<u>1,623,747</u>
	<u>2,233,404</u>	<u>1,623,747</u>

19 COMMITMENTS AND CONTINGENCIES

As at 31 December 2025, there are no commitment and contingencies during the year. (2024: SR 543,000).

20. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When one is available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would take into account in pricing a transaction.

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Management assessed that the fair values of cash and cash equivalents, trade receivables and other assets, investment at amortised cost, trade and other payables approximate their carrying values largely due to the short-term maturities of these financial instruments.

The financial assets and financial liabilities are classified under Level 2 of the fair value hierarchy and there is no movement between fair value hierarchy during the year,

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

21. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including foreign currency risk, commission rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. Risk management is carried out by senior management. The Company's senior management is supported by a financial risk committee do that advises on financial risks and the appropriate financial risk governance framework for the Company. The financial risk committee provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Company policies and Company risk appetite. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarized below.

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors is responsible for developing and monitoring the Company's risk management policies.

Market risk

Market price risk is the risk that value of a financial instrument will fluctuate as a result of changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's profit or the value of its holdings of financial instruments.

Commission rate risk

It is the exposure to various risks associated with the effect of fluctuations in the prevailing commission rates on the Company's financial position and cash flows. The Company does not have financing arrangements and is not exposed to commission rate risk.

Foreign currency Risk

It is a risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company's transactions are principally in Saudi riyals and therefore is not exposed to any currency risk.

Credit risk

Credit risk is the risk that one party will fail to discharge an obligation and will cause the other party to incur a financial loss. The Company seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and by monitoring outstanding receivables. With respect to credit risk arising from the other financial assets of the Company, the Branch's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The Company has no significant concentration of credit risks.

Trade receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and sector in which customers operate.

Trade and other receivables are mainly due from local customers and related parties and are stated at their estimated realizable values. The Company trades only with recognised, creditworthy third parties. The granting of credit is controlled by well-established criteria, which are reviewed and updated on an ongoing basis. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

21. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

Expected credit loss assessment as at 31 December 2025.

The Company uses an allowance matrix to measure the ECLs of trade receivables from individual customers, which comprise a very large number of small balances.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on the following common credit risk characteristics such as geographic region, age of customer relationship and type of product purchased.

Loss rates are based on actual historic credit loss experience. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables. Scalar factors are based on actual and forecast gross domestic product growth and unemployment rates.

As at 31 December 2025, the exposure to credit risk for trade receivables by type of counterparty was as follows:

	<i>2025 SR</i>	<i>2024 SR</i>
Gross carrying amount		
Trade receivables	<u>623,300</u>	<u>762,151</u>
	<u>623,300</u>	<u>762,151</u>

The following table provides information about the exposure to credit risk and ECLs for trade receivables from customers as at 31 December 2025:

	<i>Gross Carrying Amount</i>	<i>Weighted Average Loss</i>	<i>Loss Allowance %</i>
<u>31 December 2025</u>			
Not yet due	-	-	-
1-90 days	623,300	-	-
91-180 days	-	-	-
181-270 days	-	-	-
271-360 days	-	-	-
More than 360 days	-	-	-
	<u>623,300</u>	<u>-</u>	
	<i>Gross Carrying Amount</i>	<i>Weighted Average Loss</i>	<i>Loss Allowance %</i>
<u>31 December 2024</u>			
Not yet due	-	-	-
1-90 days	246,181	-	-
91-180 days	-	-	-
181-270 days	-	-	-
271-360 days	-	-	-
More than 360 days	515,970	515,970	100%
	<u>762,151</u>	<u>515,970</u>	

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

21. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

Cash equivalents

Credit risk on bank balances is limited as these are held with banks with sound credit ratings.

Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset 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.

Following are the contractual maturities at the end of the reporting period of financial liabilities.

<u>31 December 2025</u>	<i>Carrying Amount SR</i>	<i>Less Than 1 Year SR</i>	<i>1 Year to 5 Years SR</i>	<i>More than 5 Years SR</i>
Accrued expenses and other payables	2,345,958	2,345,958	-	-
Due to a related party	40,250	40,250	-	-
	<u>2,386,208</u>	<u>2,386,208</u>	-	-
<u>31 December 2024</u>	<i>Carrying Amount SR</i>	<i>Less Than 1 Year SR</i>	<i>1 Year to 5 Years SR</i>	<i>More than 5 Years SR</i>
Accrued expenses and other payables	5,474,637	5,474,637	-	-
Due to related party	155,250	155,250	-	-
	<u>5,629,887</u>	<u>5,629,887</u>	-	-

22. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for the shareholder and to maintain an optimal capital structure to reduce the cost of capital.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may return capital to the shareholder, issue new shares or sell assets to reduce debt. No changes in the objectives, policies or processes for managing capital were made during the year ended 31 December 2025 and 31 December 2024.

23. SUBSEQUENT EVENTS

There were no subsequent events after the statement of financial position date which require adjustments to / or disclosure in the financial statements.

24. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors on 11 Shawwal 1447H (corresponding to 30 March 2026).