

**FILLING AND PACKING MATERIALS
MANUFACTURING COMPANY
(A Saudi Joint Stock Company)**

**CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
31 DECEMBER 2025**

**FILLING AND PACKING MATERIALS MANUFACTURING COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

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**Independent auditor’s report on the consolidated financial statements
To the shareholders of Filling and Packing Materials Manufacturing Company
(A Saudi Joint Stock Company)**

Opinion

We have audited the consolidated financial statements of Filling and Packing Materials Manufacturing Company (a Saudi joint stock company) (“the Company”) and its subsidiaries (“the Group”), which include the consolidated statement of financial position as of 31 December 2025, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in shareholders’ equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, which include a summary of material accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of 31 December 2025 and its consolidated financial performance and consolidated cash flows for the year ended on that date in accordance with the International Financial Reporting 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 of 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 set out in detail in the “Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements” section of our report. We are independent from the Group in accordance with the International Code of Conduct and Ethics for Professional Accountants (including International Independence Standards) adopted in the Kingdom of Saudi Arabia that is relevant to our audit of the consolidated financial statements. We have also fulfilled our other ethical responsibilities in accordance with this Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

The key audit matters, in our professional judgment, are those matters that were of most significance in our audit of the consolidated financial statements for the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The following is a description of the key audit matters and how we addressed them:

Key audit matter	How we address this matter during our review
<p>Revenue recognition During the year ended 31 December 2025, revenues from contracts with customers amounted to ﷲ 251,634,511 were recognized.</p> <p>Revenue is considered as one of the key indicators for measuring performance which results in inherent risk of overstating revenue recognized to increase profitability, due to that revenue recognition was considered as a key audit matter.</p> <p>Please refer to the financial statements for the accounting policy related to revenue recognition and disclosure related to revenue.</p>	<p>Our audit procedures included, among others, the following:</p> <ul style="list-style-type: none"> • The appropriateness of the Group’s accounting policies related to revenue recognition and evaluating the extent of compliance of those policies with International Financial Reporting Standard No. (15) that is endorsed in the Kingdom of Saudi Arabia. • Examined revenue transactions on a sample basis, and verify relevant supporting documents to verify the measurement and accuracy of revenue recognition. • Conducted analytical procedures on the fluctuation of revenue recognized. • Conducted a cut-off test on the timing of revenue recognition from contracts with customers to ensure it have been recognized in the correct accounting period. • Evaluated the adequacy of the Group’s disclosures regarding revenues from contracts with customers in the consolidated financial statements.



**Independent auditor's report on the consolidated financial statements
 To the shareholders of Filling and Packing Materials Manufacturing Company
 (A Saudi Joint Stock Company) (continued)**

Key audit matters (continued)

Key audit matter	How we address this matter during our review
<p>Evaluation of the contingent liability for purchase of non-controlling interest</p> <p>During 2020, the Group acquired the non-controlling interest (20%) of FPC Industrial Company (the subsidiary) and thus became a wholly owned subsidiary of the Group.</p> <p>According to the acquisition agreement, the seller is entitled to 20% of the annual net profit of the subsidiary, calculated according to the audited financial statements for a period of ten years only, which ends on 31 December 2029. Accordingly, the Group conducted an assessment of the contingent liability in accordance with the aforementioned agreement. The balance of the contingent liability as of 31 December 2025 amounted to ﷲ 6,782,075.</p> <p>The contingent liability is reassessed annually, which may be affected by changes in the estimate of the subsidiary's post-acquisition performance. Any gain or loss arising from the revaluation is recognized in the consolidated statement of profit or loss and other comprehensive income. The Group also recognized an amount of ﷲ 5,575,263 as a gain from reassessment of the contingent liability for the year ended 31 December 2025.</p> <p>We considered this to be a key audit matter because it requires management to express a degree of significant judgment regarding the subsidiary's post-acquisition performance including the applicable discount rates, which may be affected by unexpected changes in future economic conditions or significant circumstances related to the acquired business.</p> <p>Please refer to the consolidated financial statements regarding the accounting policy for recognizing a contingent liability and the disclosure of contingent liability.</p>	<p>Our audit procedures included, among others, the following:</p> <ul style="list-style-type: none"> • We have obtained and reviewed the acquisition agreement to obtain an understanding of the relevant acquisition agreement and the underlying terms. • We have reviewed the calculation of the contingent liability prepared by management based on the formula stipulated in the subsidiary acquisition agreement. • We have reviewed the key assumptions made by management in relation to Company's financial forecasts used in the assessment of provision relating to the contingent consideration and also compared the discount rates used by management against market information and internal data. • Evaluated the adequacy of the Group's disclosures of contingent liabilities in the consolidated financial statements.

Other information

The management is responsible for the other information. Other information consists of the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon. It is expected that the annual report will be available to us after the date of our report. Our opinion on the consolidated financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.



**Independent auditor's report on the consolidated financial statements
To the shareholders of Filling and Packing Materials Manufacturing Company
(A Saudi Joint Stock Company) (continued)**

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Other information (continued)

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

When we read the annual report, when it is 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 consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants and the provisions of Companies' Law and Company's By-laws, and for such internal controls as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, the board of directors, are responsible for overseeing the Group's financial reporting process.

The auditor responsibilities for the audit of the consolidated financial statements

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

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

- Identify and assess the risk of material misstatement of the consolidated financial statements, whether due to fraud or error design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



**Independent auditor's report on the consolidated financial statements
To the shareholders of Filling and Packing Materials Manufacturing Company
(A Saudi Joint Stock Company) (continued)**

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The auditor responsibilities for the audit of the consolidated financial statements (continued)

- Conclude on the appropriateness of management use of the going concern basis of accounting and based on the audit evidence obtained, whether material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content to the consolidated financial statements, including the disclosure, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the Group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated to those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the current period and, accordingly, they are the key audit matters. We describe these matters in our 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 communicating it reasonably outweigh the public interest in doing so.

For Maham Company for Professional Services

Abdulaziz Saud Al Shabeebi
Certified Public Accountant
License no. (339)

17 Shawal 1447H
5 April 2026



Filling and Packing Materials Manufacturing Company
(A Saudi Joint Stock Company)

Consolidated Statement of Financial Position
As at 31 December 2025

	Note	2025 ﷲ	2024 ﷲ
Assets			
Non-current assets			
Property, plant and equipment	6	137,679,872	138,928,689
Right-of-use assets	7	4,961,491	5,457,641
Intangible assets	8	542,250	723,000
Total non-current assets		143,183,613	145,109,330
Current assets			
Inventory	9	62,226,996	60,878,946
Trade receivables	10	49,981,424	58,976,581
Prepayments and other current assets	11	13,993,330	7,663,101
Cash and cash equivalents	12	15,871,618	8,896,196
Total current assets		142,073,368	136,414,824
Total assets		285,256,981	281,524,154
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital	13	115,000,000	115,000,000
Retained earnings		36,566,278	55,805,475
Other reserves	14	(25,358,702)	(25,358,702)
Total shareholders' equity		126,207,576	145,446,773
Liabilities			
Non-current liabilities			
Term loans – non-current portion	15	7,302,639	14,605,298
Government grants - non-current portion	15	437,105	612,637
Lease liabilities – non-current portion	7	5,746,252	6,023,138
Employees defined benefits liabilities	16	17,065,529	15,223,547
Contingent liability for acquisition of non-controlling interest	14	6,782,075	11,173,000
Total non-current liabilities		37,333,600	47,637,620
Current liabilities			
Trade payables		23,905,809	35,264,730
Accrued expenses and other current liabilities	17	18,385,470	16,034,262
Accrued Dividend		5,148,109	5,148,109
Term loans – current portion	15	2,460,929	25,436,228
Short term loans	15	70,354,565	3,746,219
Government grants - current portion	15	346,059	790,242
Leases liabilities - current portion	7	478,867	516,663
Zakat provision	18	635,997	1,503,308
Total current liabilities		121,715,805	88,439,761
Total liabilities		159,049,405	136,077,381
Total shareholders' equity and liabilities		285,256,981	281,524,154



Ansar Mahmoud Hussain
Chief financial Officer



Abdullah Mohammed Al Harbi
Chief Executive Officer



Ahmed Abdul Latif Al Barrak
Chairman

The accompanying notes from 1 to 33 form an integral part of these consolidated financial statements.

Filling and Packing Materials Manufacturing Company
(A Saudi Joint Stock Company)

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2025

	Note	2025 س	2024 س
Revenue	20	251,634,511	245,679,984
Cost of revenue	21	(213,816,071)	(202,795,781)
Gross profit		37,818,440	42,884,203
Expenses			
Selling and marketing expenses	22	(18,845,747)	(15,957,443)
General and administrative expenses	23	(29,100,124)	(22,452,001)
Provision for impairment loss of trade receivables	10	(13,071,306)	(2,084,019)
(Loss) profit from operations		(23,198,737)	2,390,740
Other income, net	24	5,756,932	1,261,475
Finance charges	25	(6,700,192)	(5,628,746)
Change in the contingency to acquire the non-controlling interest	14	5,575,263	4,319,693
(loss) Profit before Zakat		(18,566,734)	2,343,162
Zakat	18	(541,148)	(1,412,653)
Net (loss) profit for the year		(19,107,882)	930,509
Other comprehensive income:			
Item that will not subsequently be reclassified to profit or loss and other comprehensive income:			
(Loss) gains on remeasurement of employees' end-of-service benefits	16	(131,315)	814,444
Total (comprehensive loss) comprehensive income for the year		(19,239,197)	1,744,953
(Loss) Earnings per share			
Basic and diluted (loss) earnings per share from net (loss) profit for the year	26	(1.66)	0.08



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Chief Executive Officer



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Chairman

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Filling and Packing Materials Manufacturing Company

(A Saudi Joint Stock Company)

Consolidated Statement of Changes in Shareholders' equity

For the year ended 31 December 2025

	Share capital س	Retained earnings س	Other reserves س	Total س
As at 1 January 2024	115,000,000	54,060,522	(25,358,702)	143,701,820
Net profit for the year	-	930,509	-	930,509
Other comprehensive income	-	814,444	-	814,444
Total comprehensive income for the year	-	1,744,953	-	1,744,953
As at 31 December 2024	115,000,000	55,805,475	(25,358,702)	145,446,773
As at 1 January 2025	115,000,000	55,805,475	(25,358,702)	145,446,773
Net Loss for the year	-	(19,107,882)	-	(19,107,882)
Other comprehensive loss	-	(131,315)	-	(131,315)
Total comprehensive income for the year	-	(19,239,197)	-	(19,239,197)
As at 31 December 2025	115,000,000	36,566,278	(25,358,702)	126,207,576



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Filling and Packing Materials Manufacturing Company
(A Saudi Joint Stock Company)

Consolidated Statement of Cash flows

For the year ended 31 December 2025

	2025	2024
	ﷲ	ﷲ
OPERATING ACTIVITIES		
(Loss) Profit before zakat	(18,566,734)	2,343,162
Adjustments for:		
Depreciation of property, plant, and equipment	12,085,687	11,707,528
Amortization of a right-of-use asset	496,150	496,150
Amortization of intangible assets	180,750	180,750
Provision for expected credit losses-trade receivables	13,071,306	2,084,019
allowance for expected credit losses -advance to payables	-	504,823
allowance for expected credit losses - employees advances	-	100,063
Allowance for slow-moving inventories	2,912,748	20,714
Finance charges	6,700,192	5,628,746
Change in the contingency to acquire non-controlling interest equity	(5,575,263)	(4,319,693)
Gains on disposal of property, plant and equipment	(3,319)	-
Government grants	(619,715)	(1,144,247)
Provision for employees defined benefits liabilities	2,231,345	2,088,012
	<u>12,913,147</u>	<u>19,690,027</u>
Change in operating assets and liabilities		
Inventory	(5,861,016)	(9,809,070)
Trade receivables	(4,076,149)	(5,442,822)
Prepayments and other current assets	(6,330,229)	3,327,341
Trade payables	(11,358,921)	4,519,706
Accrued expenses and other current liabilities	2,351,208	2,034,481
Accrued dividend	-	(979)
Cash (used in) from operations	<u>(12,361,960)</u>	<u>14,318,684</u>
Zakat Paid	(1,408,459)	(2,897,465)
Paid finance charges	(4,216,788)	(3,051,369)
Employees defined benefits liabilities paid	(1,354,402)	(779,303)
Net cash (used in) from operating activities	<u>(19,341,609)</u>	<u>7,590,547</u>
INVESTING ACTIVITIES		
Additions to property, plant, and equipment	(9,236,811)	(3,211,357)
Proceeds from disposal of property, plant and equipment	3,478	-
Net cash used in investing activities	<u>(9,233,333)</u>	<u>(3,211,357)</u>
FINANCING ACTIVITIES		
Loans paid	(80,859,435)	(50,611,783)
Loans received	117,189,823	41,765,919
Payment of lease liabilities	(780,024)	(780,024)
Net cash from (used in) financing activities	<u>35,550,364</u>	<u>(9,625,888)</u>

The accompanying notes from 1 to 33 form an integral part of these consolidated financial statements.

Filling and Packing Materials Manufacturing Company
(A Saudi Joint Stock Company)

Consolidated Statement of Cash Flows (continued)

For the year ended 31 December 2025

	2025 س	2024 س
Net increase (decrease) in cash and cash equivalents	6,975,422	(5,246,698)
Cash and cash equivalent at the beginning of the year	8,896,196	14,142,894
Cash and cash equivalents at the end of the year	15,871,618	8,896,196
Non-cash transactions		
Transferred from inventory to property, plant and equipment	1,600,218	-
Written off the provision for expected credit losses of trade receivables	4,960	76,910
Written off the provision for slow-moving inventory	2,912,748	20,714



Ansar Mahmoud Hussain
Chief financial Officer



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Chief Executive Officer



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Chairman

The accompanying notes from 1 to 33 form an integral part of these consolidated financial statements.

1 GENERAL INFORMATION

Filling and Packing Materials Manufacturing Company (“the Company”) is a Saudi Joint Stock Company formed in accordance with the Companies Regulation and is registered in the Kingdom of Saudi Arabia (“KSA”) under the Commercial Registration No. 1010084155 dated 4 Dhul-Hijjah 1411H (corresponding to 17 June 1991).

The main activities of the Group are weaving textiles from industrial threads such as nylon, cutting and detailing covers for machines and goods, manufacturing plastics in their primary forms, manufacturing industrial threads, and manufacturing containers and bags from plastics.

The registered address of the group is 7305 - Second Industrial Area - Unit No. 7306 Riyadh - Kingdom of Saudi Arabia P.O. Box: 14335 Riyadh 2483.

These consolidated financial statements include the assets, liabilities and business results of the following branch of the Company:

	Commercial Registration No	Region	Date
Filling and Packing Materials Manufacturing Company	1010608121	Riyadh	11/08/1438H

These consolidated financial statements include the financial statements of the Company and its following subsidiaries (referred to together as the “Group”):

Subsidiary	Ownership percentage direct and indirect %		Capital (R)
	31 December 2025	31 December 2024	
FPC Industrial Company	100%	100%	70,000,000
Zilal Al Dana Tents Company	100%	-	1,000,000

FPC Industrial Company

FPC Industrial Company - is a Saudi Closed Joint Stock Company and registered under the Commercial Registration No. 1010468446 dated 2 Jumada al-Thani 1438H corresponding to 1 March 2017. The Company is engaged in the cutting and detailing tents and sails, car and furniture covers, machinery and goods covers, and the manufacture of bags, flags, banners, umbrellas, and tents.

Zilal Al Dana Tents Company

On 11 Rajab 1446H (corresponding to 11 January 2025), the branch of FPC Industrial Company (Zilal Al Dana Tents) was converted into a Limited Liability Company wholly owned by the Packaging Materials Manufacturing Company (FIPCO), under the name “Zilal Al Dana Tents Company” registered under Commercial Registration No. 1010822409 dated 1 Safar 1444H (corresponding to 28 August 2022). The Company is engaged in metal workshop activities, general construction of residential buildings, general construction of non-residential buildings (such as schools, hospitals, hotels, etc.), construction of airports and their facilities, general construction of government buildings, on-site construction of prefabricated buildings, and general sports construction including stadiums and the construction of military yards, installation of canopies and barriers, interior fittings for shops, mobile buildings, and boats.

Benea Industrial Investments Holding Company

On 29 May 2025, the Group’s management signed a non-binding memorandum of understanding with Benea Industrial Investments Holding Company (“Benea Holding”), which is considered a related party due to the presence of a common board member between the two companies. The memorandum of understanding aims to initiate discussions regarding the Group’s potential acquisition of all ownership interests in Benea Industrial Investments Holding Company (“Benea Holding”). The memorandum of understanding is valid for 180 days from the date of signing and is renewable upon mutual agreement by both parties.

The memorandum of understanding includes provisions for conducting financial and legal due diligence, share valuation, and negotiations to reach a final binding agreement on the potential transaction. It also includes confidentiality, exclusivity, and certain regulatory restrictions.

1 GENERAL INFORMATION (continued)

Benea Industrial Investments Holding Company (continued)

On 22 December 2025, the Group's management signed the acquisition agreement, with its value to be calculated based on the average fair value of the shares of the acquiree over the last 30 trading days prior to 8 December 2025, which was estimated at approximately 372 million. The transaction will be financed through the issuance of new shares, with any shortfall to be covered through additional financing sources. The completion of the acquisition remains subject to the fulfillment of a number of conditions, including obtaining approval from the Capital Market Authority regarding the capital increase, approval from the Saudi Exchange (Tadawul) for listing the new shares resulting from the capital increase, approval from the Company's Extraordinary General Assembly, as well as any other required regulatory approvals in accordance with the acquisition agreement.

2 BASIS OF PREPARATION

2-1 Statement of compliance

The financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRSs") that are endorsed in the Kingdom of Saudi Arabia ("KSA") and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") (collectively referred to as "IFRSs as endorsed in KSA").

2-2 Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention, except for employee end-of-service benefits, which are measured using the expected unit credit method.

2-3 Functional and presentation currency

These consolidated financial statements are presented in Saudi Riyals (ﷻ), which is the Group's functional and presentation currency.

2-4 New and amended standards and interpretations

The Group has applied for the first time the following standards and amendments, effective for periods beginning on or before 1 January 2025, which have no impact on the Group's consolidated financial statements

- Amendments to IAS 21: Lack of Exchangeability between a Currency and a Foreign Currency.

2-5 New and Revised Standards Not Yet Effective

The following is a list of new standards and amendments to standards applicable for years starting on or after 1 January 2025, with early adoption permitted, but which the group did not apply in preparing these financial statements. The group is currently assessing the impact of these standards on the consolidated financial statements, and it is not expected that these standards and interpretations will have a material impact on the group at the date they become effective:

Standard or Amendment or Interpretation	Effective Date
Amendments to IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments	1 January 2026
<i>Annual Improvements on the International Financial Reporting Standards (IFRS) - Volume 11</i>	1 January 2026
<i>Amendments to IFRS 9 and IFRS 7 – Contracts Referencing Nature-dependent Energy</i>	1 January 2026
<i>IFRS 18: 'Presentation and Disclosure in Financial Statements' issued – in place of IAS 1: Presentation of Financial Statements</i>	1 January 2027
<i>IFRS 19: Subsidiaries without Public Accountability</i>	1 January 2027
<i>Amendments to IFRS 10 and IAS 28: Sale of or Contribution of Assets between an Investor and its Associate or Joint Venture.</i>	Not yet specified

3 Basis for consolidation of consolidated financial statements

The consolidated financial statements include the financial statements of the Company and its subsidiary (collectively referred to as the “Group”) as at 31 December 2024. Control is achieved when the Group is exposed to risks, or has rights to obtain variable returns, from its relationship with the investee, and has the ability to influence returns by exercising its power over the investee. In particular, the Group controls an investee only when the Group has:

- Control over the investee Company (i.e. the existence of rights to grant the group the current ability to direct the activities related to the investee Company),
- Being exposed to risks, or having rights to obtain variable returns through its relationship with the investee Company,
- The ability to use its power over the investee Company to influence its returns.

In general, there is an assumption that a majority of voting rights results in control. In support of this assumption, when the Group has less than a majority of voting rights or similar rights in an investee, the Group considers all relevant facts and circumstances when determining whether it exercises control over an investee, including:

- Contractual arrangements with the voting rights holders of others in the investee group,
- Rights arising from other contractual arrangements.
- The group's voting rights and potential voting rights.

The Group conducts a reassessment to confirm whether or not it exercises control over the investee Company when facts and circumstances indicate that there is a change in one or more of the three elements of control. Consolidation of a subsidiary begins when the Group gains control over the subsidiary and ceases when the Group ceases to exercise such control.

The assets, liabilities, income and expenses of the subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date on which control is transferred to the Group until such control ceases.

The profit or loss and each item of other comprehensive income relates to the shareholders of the parent Company of the group and the non-controlling interests of shareholders, even if this results in the balance of the non-controlling shareholders’ interests turning into a deficit. When necessary, amendments are made to the consolidated financial statements of subsidiaries so that their accounting policies are consistent with those followed by the Group. All interconnected assets and liabilities, as well as ownership rights, revenues, expenses and cash flows related to transactions between group companies, are completely eliminated when consolidating the consolidated financial statements.

A change in a subsidiary's ownership interest, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizing the assets (including goodwill) and liabilities of the subsidiary
- Derecognizing the book value of any non-controlling interest
- Proving the fair value of the compensation received
- Proving the fair value of any investment held
- Proving any surplus or deficit in profit or loss

Reclassifying shareholders' share of items previously recognized in the statement of other comprehensive income to profit or loss or retained earnings, as appropriate, and as required in the event that the Group disposes of the directly related assets or liabilities.

4 SIGNIFICANT ASSUMPTIONS AND ESTIMATES

Estimates and judgments are evaluated on an ongoing basis; They are based on historical experience and other factors, including future expectations.

4-1 The main sources of uncertainty regarding accounting estimates

The Group makes estimates and assumptions regarding the future; The resulting accounting estimates rarely equal the relevant actual results. The following are estimates and assumptions that involve significant risks, which may result in a material adjustment to the carrying amounts of assets and liabilities within the next financial period:

4 SIGNIFICANT ASSUMPTIONS AND ESTIMATES (continued)

4-1 The main sources of uncertainty regarding accounting estimates (continued)

The useful lives of property, machinery, equipment, and intangible assets

The useful life of each item of the Group's property, plant, equipment and intangible assets is estimated based on the number of years during which the asset is expected to be available for use. This estimate is based on a collective evaluation of similar business practices, internal technical evaluation, and previous experience with similar assets. At each reporting date, the estimated useful life of property, plant, equipment and intangible assets is reviewed and updated if expectations differ from previous estimates as a result of normal depreciation and amortization of the asset, technical or commercial obsolescence, legal restrictions or other restrictions on the use of the asset. However, it is possible that future results of operations could be materially affected by changes in estimates resulting from changes in the factors mentioned above. The amounts and timing of expenses recorded for any period may be affected by changes in these factors and circumstances

Impairment of inventory

Inventories are stated at cost or market value, whichever is lower. When inventory becomes old or obsolete, an estimate of its market value is made. For each individually significant amount, this estimate is performed on an individual basis. For amounts that are not individually significant but are considered old or obsolete, they are estimated collectively and a provision is made for slow-moving inventory depending on the type of inventory and its age or degree of obsolescence based on historical selling prices. These estimates take into account price fluctuations directly related to events occurring after the statement of consolidated financial position date.

Contingent liability for acquisition of non-controlling

The contingent liability from acquisition of non-controlling interest is recognized based on the present value of the future payments that the Group expects to incur as a result of the benefit commitment. The present value of the benefit obligation is calculated using a cash flow model as well as the expected future flows and growth rate used to measure the terminal value. This commitment is significantly affected by changes in these assumptions. All assumptions are reviewed annually.

Impairment of non-financial assets

Impairment occurs when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of fair value less costs to sell and present value. The fair value less costs to sell calculation is based on available data for binding, arm's length sales of similar assets or observable market prices less incremental costs to sell the asset. The present value is calculated based on the discounted cash flow method. The cash flows are determined on a budget basis for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash-generating unit being tested for impairment. The recoverable amount is affected by the discount rate used in the discounted cash flow method as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

Expected Credit Loss Provision for Trade Receivables

The group uses a provision matrix to calculate the expected credit losses for trade receivables. The provision percentages are determined based on the days past due for different customer segments that exhibit similar loss patterns (e.g., in terms of geographical area, product type, customer type, pricing, and coverage by letters of credit or other forms of credit guarantee).

Initially, the provision matrix is determined based on historical default rates observed. The group calibrates the matrix to adjust historical credit losses with future information. For example, if economic conditions (such as GDP) are expected to deteriorate over the next year, leading to an increase in default cases in a certain sector, historical default rates are adjusted. At the date of preparing each consolidated financial statement, historical default rates are updated, and an analysis is conducted on changes in future estimates.

4 SIGNIFICANT ASSUMPTIONS AND ESTIMATES (continued)

4-1 The main sources of uncertainty regarding accounting estimates (continued)

Provisions

Provisions, by their nature, depend on estimates and evaluations to confirm whether recognition criteria have been met, including estimating the probability of cash outflows. Management's estimates of allocations related to environmental matters are based on cost estimates, after taking into account legal advice and other information currently available. It also includes exit costs, if any, in addition to management's expression of judgment in estimating the expected outgoing cash flows for site closure payments or other exit costs. Provisions for contracts whose costs are greater than their benefits or uncertain liabilities involve management's best estimate of whether the cash outflows are probable.

Zakat Liabilities and Tax Position Regarding Unsettled Years with the Zakat, Tax, and Customs Authority

The zakat provision included in the statement of financial position represents management's best estimate of the existing liability for the years that have not yet been settled with the Zakat, Tax, and Customs Authority.

The zakat base has been calculated based on management's understanding of the applicable zakat and tax regulations in the Kingdom of Saudi Arabia. Zakat and tax regulations in Saudi Arabia are subject to varying interpretations, and the assessments issued by the Authority may differ from the returns submitted by the company.

Going concern

These consolidated financial statements have been prepared on a going concern basis. The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has sufficient resources to continue in business for the foreseeable future. Furthermore, management is not aware of a material uncertainty that may cast doubt on the Group's ability to continue as a going concern.

4-2 Important judgments used when applying accounting standards

The following significant judgments have a material impact on the amounts included in these consolidated financial statements:

Determining the lease term of contracts with renewal option

The Group defines the lease term as the non-cancelable term of the lease, plus any periods covered by the option to extend the lease if it is certain that it will be exercised, or any periods covered by the option to terminate the lease if it is certain that it will not be exercised.

The Group has the option, under certain lease contracts, to lease assets for an additional period ranging from 5 to 25 years. The Group applies judgment in assessing whether it is reasonable to exercise the renewal option. Which means, it takes into account all the relevant factors that create an economic incentive to exercise the renewal option. After the commencement date, the Group reassesses the term of the lease if there is a material event or change in circumstances within its control that affects its ability to exercise (or not exercise) the renewal option (for example, a change in business strategy).

5 Material accounting policies

The following is a statement of the accounting policies applied in preparing these consolidated financial statements:

Classification of assets and liabilities as current and non-current

The Group presents assets and liabilities in the statement of financial position based on their classification as current or non-current. Assets are considered current when:

- a) it expects to realize the asset, or intends to sell or consume it, in the entity's normal operating cycle;
- b) it holds the asset primarily for the purpose of trading;
- c) it expects to realize the asset within twelve months after the reporting date; or
- d) the asset is cash or a cash equivalent, unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date. For the twelve months subsequent to the disclosed financial period.

5 Material accounting policies (continued)

Classification of assets and liabilities as current and non-current (continued)

The Group classifies all other assets as non-current assets. When a Group's normal operating business cycle is not clearly defined, its duration is assumed to be twelve months.

The Group classifies liabilities as current when:

- a) it expects to settle the liability in the entity's normal operating cycle;
- b) it holds the liability primarily for the purpose of trading;
- c) the liability is due to be settled within twelve months after the reporting date; or
- d) the entity does not have an unconditional right to defer settlement of the liability for at least twelve months after reporting date. Less than twelve months subsequent to the disclosed financial period.

The Group classifies all other liabilities as non-current liabilities.

Financial instruments

Financial assets, upon initial recognition and subsequently measured at amortized cost, are classified as fair value through profit or loss and fair value through profit or loss. The classification of financial assets upon initial recognition depends on the cash flow characteristics of the financial asset and the Group's business model for managing it.

Initial recognition, and measurement

Financial assets and financial liabilities are originally measured at fair value. Upon initial recognition, transaction costs directly attributable to the acquisition or issue of financial assets and financial liabilities are added or deducted from the fair value of the financial assets and financial liabilities, as appropriate. Transaction costs directly attributable to the acquisition of financial assets held at fair value through profit or loss are recognized directly in the consolidated statement of profit or loss and other comprehensive income.

Financial assets

Subsequent recognition of financial assets

The Group has the following financial assets:

Financial assets at amortized cost:

This category includes trade receivables and contract assets. The Group has financial assets at amortized cost only. Financial assets are measured at amortized cost if the following two conditions are met and they are not carried at fair value through profit or loss:

- Acquiring a financial asset within the business model with the aim of acquiring financial assets 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 the principal amount and interest on the principal amount outstanding.

Financial assets carried at amortized cost are subsequently measured using the effective commission rate method and are subject to impairment. Gains and losses are recognized in profit and loss in the statement of profit or loss and other comprehensive income when the asset is derecognized, modified or impaired.

Reclassifications

Financial assets are not reclassified after their initial recognition, except for the period after the Group changes its business model for managing financial assets.

Impairment of financial assets

The Group applies the simplified approach set out in IFRS 9 to measure lifetime expected credit losses on trade receivables. Expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit losses, adjusted for forward-looking factors specific to the debtors and the economic environment. And evaluating both current and expected market trends at the date of preparing the consolidated financial statements, including the time value of money if appropriate.

5 Material accounting policies (continued)

Financial instruments (continued)

Derecognition financial assets

The Group derecognizes financial assets only when the rights to receive cash flows from the assets expire or the Group transfers the financial assets and all risks and rewards associated with the owner of the assets to another party. In cases where the Group does not transfer or retain all of the risks and rewards associated with the owner or where control of the asset is not transferred, the Group recognizes the remaining interest in the asset and the related liability at the amount it is required to pay. If the Group retains all the risks and rewards associated with the owner of the transferred financial asset, the Group continues to recognize the financial asset.

When a financial asset measured at amortized cost is derecognized, the difference between the carrying amount of the asset and the amount of consideration received or receivable is recognized in the consolidated statement of profit or loss and other comprehensive income.

Financial liabilities

The Group classifies its financial liabilities as financial liabilities measured at amortized cost or at fair value through profit or loss. Financial liabilities are classified as FVTPL if they are classified as financial liabilities held for trading purposes or as derivatives or are designated as such on initial recognition.

The Group's financial liabilities include trade payables, other current liabilities, loans and lease liabilities.

Subsequent confirmation of financial liabilities

All of the Group's financial liabilities are subsequently measured at amortized cost.

Derecognition financial liabilities

Financial liabilities are derecognized when the obligation under the liabilities is discharged, cancelled or expires. When an existing financial obligation is replaced by another by the same lender on significantly different terms or the terms of existing obligations are substantially modified, this change or modification is considered to be a cessation of recognition of the original obligation and the recognition of a new liability. The difference in carrying amount is recognized in profit and loss in the consolidated statement of profit or loss and other comprehensive income.

Off-set of financial instruments

Financial assets and financial liabilities are offset, and the net amounts are disclosed in the consolidated statement of financial position when there is currently a legally enforceable right to offset the recognized amounts, and there is an intention either to settle them on a net basis or to liquidate the assets and pay the liabilities simultaneously.

Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. These costs include; The cost of replacing a portion of property, plant and equipment and borrowing costs related to long-term construction projects (eligible assets), if the recognition criteria are met. When these assets are created internally, their cost includes all amounts necessary to bring the asset to its current condition and location so that it is ready for its intended use by the Group; This excludes all other costs such as general and administrative expenses and training costs. Any costs of the feasibility study are expensed when incurred unless they relate to a specific asset created internally and are directly attributable to it.

The Group adds to the carrying value of an item of property, plant and equipment the cost of replacing parts of that item when that cost is incurred if the replacement part is expected to generate additional future benefits for the Group; The carrying value of the replaced part is derecognized. All other repairs and maintenance expenses are charged directly to profit or loss in the consolidated statement of profit or loss and other comprehensive income during the period in which they are incurred.

5 Material accounting policies (continued)**Property, plant and equipment (continued)**Depreciation

Asset depreciation is charged to spread the cost of assets less their estimated residual value over their estimated useful lives using the straight-line method.

Gains and losses on disposals are determined by comparing the proceeds of disposals with the book value and are included in the profit or loss in the statement of profit or loss and other comprehensive income. Major spare parts are eligible for recognition as appliances, furniture, and office equipment when the Group expects to use them within more than one year. Transfers are made to the relevant operating asset class when these items are available for use.

Depreciation is calculated on a straight-line basis over the years of the estimated useful lives of the assets, as follows. Capital projects in progress are shown at cost and are not depreciated.

<u>Category of property, plant and equipment</u>	<u>Years</u>
Buildings	33 years
Building improvements	33 years or lease contract, whichever is less
Tools	7 years
Machines and equipment	10 – 25 years and unit production method
Furniture and fixtures	5 years
Vehicles	4 years

The residual values, useful lives and depreciation methods of assets are reviewed and adjusted on a prospective basis, if appropriate, at the end of each financial period. Any item of property, plant and equipment and any significant part initially recognized are derecognized when it is disposed of or when there are no future benefits expected from its use. Any gains or losses arising on derecognition of the asset (which are calculated as the difference between the net proceeds of disposals and the carrying amount of the asset) are included in profit or loss in the consolidated statement of profit or loss and other comprehensive income.

Capital works in progress

The cost of capital work in progress is calculated on the basis of the actual cost and is shown as capital work in progress until the project is received from the contractor. Then it is transferred to the various items within property, machinery and equipment and then their depreciation begins.

Intangible assets

Intangible assets with a finite life are amortized over their estimated useful lives, and are reviewed to confirm whether there is an impairment in their value when there is evidence indicating that impairment has occurred. The amortization period and method for intangible assets with a finite life are reviewed at least once at the end of each reporting date. Changes in the expected useful life or the method of consuming future economic benefits embodied in the asset are treated accounting by adjusting the period or method of depreciation, as appropriate, and are recorded as changes in accounting estimates. Amortization expenses for intangible assets with a finite life are included in the statement of profit or loss as an expense, in line with the function of the intangible assets.

Gains or losses resulting from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the book value of the asset, and are included in the consolidated statement of profit or loss when the asset is derecognized.

Lease contracts

The Group evaluates at the beginning of the contract whether the contract is a lease or contains a lease. A contract is or contains a lease if it gives the right to control the use of a specific asset for a period of time in exchange for consideration.

5 Material accounting policies (continued)

Lease contracts (continued)

The Group as lessee

The Group applies a single recognition and measurement method for all leases, except for short-term leases and leases for low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets that represent the right to use the assets subject to the contract.

1) The right-of-use assets

The Group recognizes the right to use the assets on the commencement date of the lease (i.e. the date on which the underlying asset becomes available for use). Right-of-use assets are measured at cost less any accumulated depreciation and impairment losses and are adjusted to account for any remeasurement of lease liabilities. The cost of right-of-use assets includes the value of lease liabilities recognized, initial direct costs incurred and lease payments made on or before the lease commencement date, less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term or the estimated useful lives of the assets, whichever is shorter. Land lease contracts range from 17 to 20 years.

If the owner of the leased asset is transferred to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. Right-of-use assets are also subject to impairment. Please see the accounting policies mentioned in the "Impairment of Non-Financial Assets" paragraph. Right-of-use assets are depreciated on a straight-line basis over the lease term or the estimated useful lives of the assets.

2) Lease liabilities

At the lease commencement date, the Group recognizes lease liabilities measured at the present value of lease payments made throughout the lease term. Lease payments include fixed payments (including actual fixed payments) less any lease incentives receivable, variable lease payments based on an index or rate, and amounts expected to be paid under residual value guarantees.

Lease payments also include the exercise price of a reasonably certain purchase option to be exercised by the Group and penalties paid for terminating the lease, if the terms of the lease give the Group the option to terminate the lease. Variable lease payments that do not depend on an index or rate are recognized as an expense in the period during which the event or circumstance that triggers the payment occurs.

3) Short-term leases and leases of low value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., leases that have a term of 12 months or less from the contract commencement date and do not include a purchase option). The recognition exemption for leases with low-value assets also applies to leases that are considered low-value. Lease payments related to short-term leases and leases with low-value assets are recognized as an expense on a straight-line basis over the term of the lease.

Impairment of non-financial assets

The Group conducts an assessment at each statement of financial position date to determine whether there is an indication that the value of a non-financial asset may be impaired. If this indicator exists, or when it is necessary to conduct annual impairment testing for an asset, the Group estimates the asset's recoverable amount. It represents the recoverable amount of the asset; The fair value of an asset or cash-generating unit less costs to sell and its value in use, whichever is higher, determines the recoverable amount of an individual asset, unless the asset generates cash flows that are largely independent of those generated by another asset or group of assets. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

When estimating value in use, the estimated future cash flows are discounted to their present value using a pre-Zakat discount rate; It reflects current market assessments of the time value of money and the risks inherent in the asset. The Group's calculation of impairment is based on the detailed budget and forecast accounts, which are prepared separately for each of the Group's cash-generating units to which assets are allocated separately. This budget and forecast accounts generally cover a period of five years. As for long periods, the long-term growth rate is calculated and applied to the expected future cash flows for subsequent periods.

5 Material accounting policies (continued)

Impairment of non-financial assets (continued)

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount; So that it does not exceed the book value that has increased; The carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. The reversal of loss arising from a decrease in profit or loss is recognized in the consolidated statement of profit or loss and other comprehensive income.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to settle a liability in an ordinary transaction between market participants at the measurement date. The fair value measurement is based on the assumption that the transactions to sell the asset or transfer the liability occur either:

- In the primary market for the assets or liabilities or
- In the absence of a principal market, in the most appropriate market for the asset or liability

The main market or the most suitable market must be accessible to the Group. The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants represent their economic interest.

When measuring the fair value of non-financial assets, it takes into account the ability of market participants to achieve economic benefits by using the assets in their maximum and best use or by selling them to another market participant who uses the same asset in its best use.

The Group uses valuation techniques that are appropriate under the circumstances in which the information necessary to measure fair value is available, maximizing the use of observable inputs and minimizing the use of non-observable inputs.

All assets and liabilities whose fair value is measured or disclosed in the consolidated financial statements are classified within the fair value hierarchy and this is disclosed below, based on the lowest level input that is considered significant to the fair value measurement as a whole:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities that can be obtained at the measurement date.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities recognized in the financial statements at fair value on a recurring basis, the Group determines whether a transfer has occurred between levels in the hierarchy by reassessing the classification (based on the lowest level significant input to the fair value measurement as a whole) at the end of the period. the report. The Group determines policies and procedures for both recurring fair value measurement and non-recurring fair value measurement.

At the date of each report, the Group analyzes the changes in the values of assets and liabilities that need to be remeasured or reevaluated in accordance with the Group's accounting policies. For this analysis, the Group verifies the main inputs applied in the last evaluation by matching the information in calculating the evaluation with contracts and other relevant documents. The Group also compares the change in the fair value of each asset or liability with other external indicators to determine whether the change is reasonable for the purposes of fair value disclosures. The Group has determined the categories of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as described above.

5 Material accounting policies (continued)

Inventory

Inventory, including raw materials, work in progress, finished goods, consumables, and spare parts, is measured at cost, i.e.; Previous purchase prices are based on the weighted average principle plus direct attributable costs or net realizable value, whichever is lower.

Work-in-progress and finished goods inventory includes the cost of materials and labor and an appropriate proportion of direct expenses.

Unusual inventory losses due to quality or other problems and indirect expenses incurred during unplanned maintenance/shutdown period are excluded from inventory costs. The allocation of indirect expenses at the end of the period for the purpose of inventory valuation is based on the normal capacity or actual production for the period. Costs are assigned to individual items of inventory on a weighted average cost basis. The costs of purchased inventory items are determined net of quantity discounts and rebates. Net realizable value represents the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to complete the sale.

Scrap inventory

The Group's production processes sometimes result in the production of byproducts or scrap (unusable or recyclable). When conversion costs for by-products and/or scrap cannot be determined separately from the cost of the primary product, they are determined on a logical and consistent basis in relation to those products, by products and scrap. Allocation is based on the relative sales value of each product either at the stage of the production process when the products become separately identifiable or when production is completed.

When by-products and scrap are insignificant and their costs cannot be determined or it is not feasible to do so, these items in inventory are measured at net realizable value, and this value is deducted from the cost of the main product. As a result, the carrying value of the main product inventory is not materially different from its cost. In the consolidated statement of profit or loss and other comprehensive income, the net realizable value of by-products and scrap is reduced from cost of sales for the period. Upon subsequent sale of these by-products, the proceeds are recorded as revenue with the corresponding cost of sale recorded based on the previously recorded net realizable value. For scrap, proceeds net of cost are recorded as other income.

Consumables

Consumables are the raw materials that are consumed in the production of finished and semi-finished products. Consumables may include engineering materials, disposable packaging materials, and some catalysts.

Capital spare parts

Spare parts are interchangeable parts of property, plant and equipment, which are necessary to support routine maintenance, repair and refurbishment of plant and equipment, or which are used in emergency repairs. The Group maintains the following different types of spare parts:

- Items of spare equipment acquired with the factory/production line or purchased later but linked to a specific factory or production line and which are rarely needed, are necessary for the operation of the factory, and must be available when needed at all times: these items are capitalized. As part of property, plant and equipment, it is depreciated from the date of purchase over the lesser of the useful life of the item or the remaining useful life of the plant in which it is to be used. These items do not form part of inventory, provided they meet the criteria for capitalization under property, plant and equipment.
- Repairable elements of a production line plant that require a long delivery time and are often replaced or renewed frequently during maintenance). These items are capitalized as part of property, plant and equipment if the capitalization criteria are met. Depreciation begins from the day the items are installed in the plant, and the depreciation period is the shorter of the useful life of the item or the remaining useful life of the plant and related equipment in which it is installed. These items do not form part of the inventory.

5 Material accounting policies (continued)

Inventory (continued)

Capital spare parts (continued)

- General spare parts and other consumable items that are a general nature, i.e.; They are not limited to a specific plant and can be used in multiple plants or production lines, and any other items that may be required at any time to facilitate the operation of the plant. These items are generally classified as consumables and spare parts in inventory, unless they exceed the capitalization limit and have a useful life of more than one year, in which case they are recorded under property, plant and equipment. Items that are recorded in inventory are subject to an obsolescence allowance assessment and are charged to the consolidated statement of profit or loss and other comprehensive income when installed or used. If these items meet the capitalization criteria, their method of depreciation is similar to salvageable items as stated above.

Impairment and valuation of inventory provision

At the date of each consolidated statement of financial position, an evaluation is conducted to ensure that there is an impairment in the value of the inventory. If there is an impairment of inventory, the carrying value is reduced to the selling price less costs of completion and selling. An impairment loss is recognized directly in profit or loss in the consolidated statement of profit or loss and other comprehensive income.

Employee benefits

Short-term employee benefits

A liability is recognized for benefits owed to employees in terms of salaries, wages, annual leave, and travel tickets, which are expected to be paid fully within twelve months after the end of the period in which the employees provide the related services. The liability is recognized for the undiscounted amount of benefits expected to be paid for those services.

Employees defined benefits liabilities

The employee defined benefit obligation is determined using the projected unit credit method, in addition to actuarial valuation exercises performed at the end of each fiscal year. Remeasurements, which include actuarial gains and losses, are recognized immediately in the statement of financial position, with the increase or decrease recognized in other comprehensive income in the period in which they occur. Remeasurements recognized in other comprehensive income are immediately recognized in retained earnings and will not be reclassified to the consolidated statement of profit or loss and other comprehensive income in subsequent periods.

Changes in the present value of the defined benefit obligation resulting from program modifications or workforce reductions are recognized directly in the statement of profit or loss and other comprehensive income as prior service costs. The commission is calculated by applying the discount rate at the beginning of the period to the net defined benefit obligations or assets.

Defined benefit assets or liabilities consist of the present value of defined benefit obligations, less past service costs and less the present value of plan assets out of which the obligations must be settled. At present, the program is unfunded and has no assets.

Provisions

Provisions are recognized when there are current obligations (legal or constructive) on the Group resulting from past events, and it is likely that resources that include economic benefits will be required to settle the obligation, so that the amount of the obligation can be estimated reliably. In cases where the Group expects to recover part or all of the provision, for example under an insurance contract, Recoveries are recognized as a separate asset only when the recovery is actually confirmed. The expense relating to the provision is presented in the statement of profit or loss and other comprehensive income, net, less any recoveries. If the effect of the time value of money is material, provisions are discounted using the current pre-zakat rate that reflects, when appropriate, the risks associated with that liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a financing cost.

5 Material accounting policies (continued)

Zakat and value added tax

Zakat

The Group is subject to zakat under the regulations of the Zakat, Tax and Customs Authority (the Authority). The provision for zakat is charged to the consolidated statement of profit or loss and other comprehensive income. Differences, if any, are calculated upon finalizing the assessments when these amounts are determined in accordance with the requirements of International Accounting Standard 8 "Accounting Policies." "Changes in Accounting Estimates and Errors" approved in the Kingdom of Saudi Arabia.

Value added tax

Revenues, expenses and assets are recognized net, after deducting the amount of VAT when the VAT incurred on the purchase of assets or services is not recoverable from the Authority; In this case, value added tax is recognized as part of the cost of acquiring the asset or as part of an expense item, as the case may be. Receivables and payables are recognized including the value added tax amount. The net amount of VAT that is recoverable or payable to the Authority is included as part of receivables or payables in the consolidated statement of financial position.

Withholding tax

The Group deducts tax on transactions with non-resident parties in accordance with the Authority's regulations, which are not recognized as expenses as they are obligations of the counterparty on whose behalf the amounts are deducted.

Cash and cash equivalent

Cash and cash equivalents consist of cash deposited with local banks and short-term Murabaha deposits with maturities of three months or less. These balances are subject to an insignificant risk of changes in value.

Related party

The entity is considered related to the Group if the Group has the ability, directly or indirectly, to control the entity or has a significant influence on the entity in making financial operating decisions or vice versa, or where the Group and the entity are subject to joint control or significant influence. The relevant authorities also include the Group's senior management directors. Pricing policies and terms of transactions with related parties are approved by the Board of Directors.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that takes a lot of time to construct or prepare for its intended purpose or sale are capitalized as part of the cost of that asset. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of commissions and other costs incurred by an entity in connection with obtaining loans.

Government grants

Government grants are recognized when there is reasonable assurance that the grant will be received and that all conditions related to it will be adhered to. When the government grant relates to an item of expense, it is recognized as revenue over the period in order to match the grant on a regular basis with the costs for which it will be compensated. When the grant relates to an asset, it is recognized as revenue in equal amounts over the expected useful life of the asset.

When the Group receives non-cash grants, the assets and the grant are recorded at the total nominal amounts and recorded as gains or losses over the expected useful life of the asset, according to the method of exhausting the benefits of the asset in question in equal annual installments.

5 Material accounting policies (continued)

Revenue recognition

The Group recognizes revenues under IFRS No. (15) using the following five-step model:

Step 1: Identify the contract with the client	A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and specifies the standards for each contract that must be met.
Step 2: Identify the performance obligations	A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
Step 3: Determine the transaction price	The transaction price is the amount of consideration that the Group expects to receive in exchange for transferring the goods or services promised to the customer, excluding amounts collected on behalf of third parties.
Step 4: Allocate the transaction price to the performance obligation	For a contract that contains more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that determines the amount of consideration the Group expects to receive in exchange for satisfying each performance obligation.
Step 5: Revenue recognition	The Group earns revenue when (or whenever) it fulfills a performance obligation by transferring the goods or services promised to the customer under the contract.

Revenue from selling of goods

Revenue from the sale of goods is recognized when the Group delivers the products to the customer; The customer has the right to use or sell these products, with no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery is not achieved until the products have been delivered to the specified location in accordance with the terms of the contract, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract or the acceptance provisions have lapsed or the Group has objective evidence that all acceptance criteria have been met. The performance obligation is satisfied by the sale of goods at a point in time.

Other income

All other income is recognized on the accrual basis.

Cost of revenue

All expenses are recognized on an accrual basis. Operating costs are recognized on a historical cost basis. Production costs and direct manufacturing expenses are classified as cost of sales. This includes raw materials, direct labor, and other attributable indirect costs. Other costs such as selling costs are recorded as selling and marketing expenses, while all other remaining costs are presented as general and administrative expenses.

Selling and marketing expenses

These expenses include any costs incurred to carry out or facilitate all selling activities in the Group. These costs typically include marketing, selling, and logistics expenses as well as allocations for certain general indirect expenses.

General and administrative expenses

These expenses relate to operating expenses that are not directly related to the production or sale of any goods or services. These also include provisions for overhead that are not specifically attributable to cost of sales or selling and distribution expenses. Indirect expenses are allocated to cost of sales, selling and distribution expenses and general and administrative expenses, where applicable, on a fixed basis based on pre-determined rates as appropriate by the Group.

5 Material accounting policies (continued)

Transactions in foreign currencies

Transactions in foreign currencies are converted into Saudi Riyals using the prevailing exchange rates when those transactions occur. As for monetary assets and liabilities denominated in foreign currencies, they are converted into Saudi riyals using the prevailing exchange rates at the reporting date. As for non-monetary assets and liabilities that are measured according to fair value in a foreign currency, they are converted into the activity currency using exchange rates when determining the fair value. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rates at the date of the transaction. Gains and losses resulting from changes in exchange rates are recognized in the consolidated statement of profit or loss and other comprehensive income.

Earnings per share

The Group presents basic and diluted earnings per share, if any, for its ordinary shares. Basic and diluted earnings per share are calculated by dividing the profit or loss attributable to the Group's ordinary shareholders on the basis of the weighted average number of ordinary shares outstanding during the fiscal year. No potential ordinary shares have been issued by the Group and therefore basic and diluted earnings per share are the same.

Dividend

Final dividends are recognized as liabilities upon approval by the General Assembly.

Segment information

The Group's operating segments are determined based on internal reports, which are reviewed regularly by the Group's main operating decision makers (the chief operating decision maker) in order to distribute resources between the segments and to evaluate their performance.

6 PROPERTY, PLANT, AND EQUIPMENT

	Buildings ﷲ	Building improvements ﷲ	Machinery and Equipment and Spare parts ﷲ	Tools ﷲ	Furniture and fixtures ﷲ	Vehicles ﷲ	Capital works in progress ﷲ	Total ﷲ
Cost:								
At 1 January 2024	36,904,448	11,934,277	147,813,292	1,022,559	9,595,814	3,959,418	166,982	340,199,818
Additions	117,750	6,270	2,586,697	40,060	386,057	74,523	-	3,211,357
At 31 December 2024	37,022,198	11,940,547	279,203,017	1,062,619	9,981,871	4,033,941	166,982	343,411,175
Additions	-	36,048	1,962,250	490,486	209,533	73,130	6,465,364	9,236,811
Transferred from inventory	-	-	6,613,935	-	-	-	(6,613,935)	-
Transferred from Capital works in progress	-	-	1,600,218	-	-	-	-	1,600,218
Disposal	-	-	(6,840,392)	-	(306,850)	(49,300)	-	(7,196,542)
At 31 December 2025	37,022,198	11,976,595	282,539,028	1,553,105	9,884,554	4,057,771	18,411	347,051,662
Accumulated depreciation								
At 1 January 2024	30,413,516	1,591,809	147,494,845	352,460	9,005,790	3,598,091	-	192,774,958
Charged for the year	1,137,822	358,087	9,654,508	146,801	262,621	147,689	-	11,707,528
At 31 December 2024	31,551,338	1,949,896	157,467,800	499,261	9,268,411	3,745,780	-	204,482,486
Charged for the year	1,139,099	362,304	9,983,501	175,153	272,678	152,952	-	12,085,687
Disposal	-	-	(6,840,278)	-	(306,805)	(49,300)	-	(7,196,383)
At 31 December 2025	32,690,437	2,312,200	160,611,023	674,414	9,234,284	3,849,432	-	209,371,790
Net book value								
At 31 December 2025	4,331,761	9,664,395	121,928,005	878,691	650,270	208,339	18,411	137,679,872
At 31 December 2024	5,470,860	9,990,651	121,735,217	563,358	713,460	288,161	166,982	138,928,689

- Buildings and their improvements are built on a land leased from the Saudi Authority for Industrial Cities and Technology Zones in Riyadh under a 20-year lease term and has been renewed for similar periods from 23 Rajab 1437H, corresponding to 30 April 2016.
- The majority of the property, plant, and equipment are pledged in favor of the Saudi Industrial Development Fund against loans granted by the Fund.

6 PROPERTY, PLANT, AND EQUIPMENT (continued)

The depreciation is charged to the consolidated statement of profit or loss and other comprehensive income as follows:

	2025	2024
	S	S
Cost of revenue (note 21)	<u>11,905,925</u>	11,530,433
General and administrative expenses (note 23)	134,407	117,641
Selling and marketing expenses (note 22)	<u>45,355</u>	59,454
	<u><u>12,085,687</u></u>	<u><u>11,707,528</u></u>

7 RIGHT OF USE ASSETS AND LEASE LIABILITIES

The Group leased two plots of land from the Saudi Authority for Industrial Cities and Technology Zones “Modon” in the Second Industrial City in Riyadh, one of which is used for the Group plant and its subsidiary, and the second land is used for the residential building for the Group’s employees. The lease contracts expire on 22 Rajab 1457H, corresponding to 24 September 2035, and these contracts are subject to renewal with the consent of both parties.

7-1 Right of use

	2025	2024
	S	S
Cost		
At 1 January	<u>9,426,841</u>	9,426,841
At 31 December	<u>9,426,841</u>	9,426,841
Accumulated Depreciation:		
At 1 January	3,969,200	3,473,050
Charged for the year	<u>496,150</u>	496,150
At 31 December	<u>4,465,350</u>	3,969,200
Net book value:		
Net book value as of December 31	<u><u>4,961,491</u></u>	<u><u>5,457,641</u></u>

7-2 Lease liabilities

The net present value of the lease payments is as follows:

	2025	2024
	S	S
Lease liabilities in the consolidated statement of financial position		
Lease liabilities - the current portion	478,867	516,663
Lease liabilities - non-current portion	<u>5,746,252</u>	6,023,138
	<u><u>6,225,119</u></u>	<u><u>6,539,801</u></u>

7 RIGHT OF USE ASSETS AND LEASE LIABILITIES (continued)

The following is a statement of the carrying value of recognized lease liabilities and changes during the year:

	2025	2024
	ﷲ	ﷲ
At the beginning of the year	6,539,801	6,913,549
Financial charges	465,342	406,276
Amounts paid	(780,024)	(780,024)
	<u>6,225,119</u>	<u>6,539,801</u>

8 INTANGIBLE ASSETS

Intangible assets, as at 31 December 2025, represents the costs of a computer software with a book value of ﷲ 542,250 (31 December 2024: ﷲ 723,000). The intangible assets are amortized over a period of 5 years.

The movement in intangible assets.

	2025	2024
	ﷲ	ﷲ
Cost		
At 1 January	903,750	903,750
At 31 December	<u>903,750</u>	<u>903,750</u>
Accumulated Depreciation:		
At 1 January	180,750	-
Charged for the year	180,750	180,750
At 31 December	<u>361,500</u>	<u>180,750</u>
Net book value:		
Net book value as of December 31	<u>542,250</u>	<u>723,000</u>

9 INVENTORY

	2025	2024
	ﷲ	ﷲ
Raw materials	27,170,870	26,118,030
Finished goods	16,032,543	17,783,715
Work in progress	11,918,107	12,115,052
Goods in transit	4,199,698	2,426,799
Other materials and supplies	2,905,778	2,435,350
	<u>62,226,996</u>	<u>60,878,946</u>

9.1 The movement of provision for slow-moving and obsolete inventory is as follows:

	2025	2024
	ﷲ	ﷲ
Charged during the year	2,912,748	20,714
Written off	(2,912,748)	(20,714)
At the end of the year	<u>-</u>	<u>-</u>

9 INVENTORY (continued)

According to the company's accounting policy, the company identifies inventory items that are considered to be impaired due to obsolescence or other factors that have reduced their recoverable value. A provision for impairment is recorded to reduce the carrying amount of these items to their net realizable value. At the end of each financial year, the company writes off the provision for inventory impairment.

10 TRADE RECEIVABLES

	2025	2024
	ﷲ	ﷲ
Trade receivables	67,572,467	63,501,278
Provision for expected credit losses	(17,591,043)	(4,524,697)
	49,981,424	58,976,581

Movement in the provision for expected credit losses

	2025	2024
	ﷲ	ﷲ
At 1 January	4,524,697	2,517,588
Charged during the year	13,071,306	2,084,019
Written off during the year	(4,960)	(76,910)
At the end of the year	17,591,043	4,524,697

- (a) The Group applies the simplified approach of IFRS 9 to measure expected credit losses.
(b) Accounts receivable is non-interest bearing and have maturity periods ranging from 30 to 60 days.
(c) The net book values of the Group's trade receivables are recorded in Saudi riyals.
(d) The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above.
(e) The Group does not maintain any collateral against the receivables and are therefore unsecured.

The following is the aging analysis of receivables and expected credit loss:

	2025			2024		
	Trade receivables	Expected credit losses	Probability of default rate	Trade receivables	Expected credit losses	Probability of default rate
Less than 90 days	47,266,204	5,052,669	11%	46,473,837	202,324	0.4%
91-180 days	6,071,248	1,544,496	25%	9,566,151	482,846	5%
181-270 days	2,720,007	1,399,920	51%	1,020,998	503,233	49%
270-360 days	2,590,424	1,582,076	61%	4,954,951	1,956,789	39%
More than 360 days	8,924,584	801,188	90%	1,485,341	1,379,505	93%
	67,572,467	17,591,043		63,501,278	4,524,697	

11 PREPAYMENTS AND OTHER CURRENT ASSETS

	2025	2024
	ﷲ	ﷲ
Advance payments to suppliers	7,202,126	2,696,401
Accrued revenue from Human Resources support (*)	2,835,167	-
Employees advances	2,394,078	2,268,342
Prepaid expenses	1,579,912	1,253,371
Margin on letter of guarantees	386,696	1,998,035
Incentives due from suppliers	174,020	-
Other	26,217	51,838
Less: Provision for impairment (**)	(604,886)	(604,886)
	<u>13,993,330</u>	<u>7,663,101</u>

(*) Represents receivables from Human Resources support that are still under the transfer process as per the Ministry of Human Resources and Social Development portal.

(**) Provision for impairment has been recognized against advances to suppliers amounting to ﷲ 504,823 and employee receivables amounting to ﷲ 100,063.

12 CASH AND CASH EQUIVALENTS

	2025	2024
	ﷲ	ﷲ
Short-term deposits *	10,000,000	-
Cash at banks	5,634,054	8,808,455
Cash in hand	237,564	87,741
	<u>15,871,618</u>	<u>8,896,196</u>

* Time deposits are placed for varying periods with maturities of three months or less, depending on the Group's current cash requirements, and earn commission in accordance with the applicable time deposit rates. The interest rate on bank time deposit investments as at 31 December 2025 was 3.9% (31 December 2024: nil).

13 SHARE CAPITAL

The Group's capital as of 31 December 2025 amounted to ﷲ 115,000,000 (2024: ﷲ 115,000,000), divided into 11,500,000 shares, with a nominal value of ﷲ 10, fully paid.

14 CONTINGENT LIABILITY FOR THE ACQUISITION OF NON-CONTROLLING INTEREST

During 2020, the Company acquired the non-controlling interest of (20%) in FPC Industrial Company (the subsidiary) and therefore it became a wholly owned subsidiary of the Group. According to the acquisition agreement, the selling party is entitled to 20% of the annual net profit of the subsidiary, calculated according to the audited financial statements for ten years only, which ends on 31 December 2029. Accordingly, the Company conducted an assessment for the contingent liability in accordance with the aforementioned agreement. Management believes that the calculation of this contingent liability reflects the best estimate according of the available data and is reassessed annually.

This acquisition resulted in an amount of ﷲ 25,358,702 which has been classified under other reserves within shareholders' equity.

14 CONTINGENT LIABILITY FOR THE ACQUISITION OF NON-CONTROLLING INTEREST (continued)

The movement of contingent liability the for acquisition of non-controlling interest is as follows:

	2025	2024
	ﷲ	ﷲ
At the beginning of the year	<u>11,173,000</u>	13,999,000
Change as a result of re-estimation during the year	(5,575,263)	(4,319,693)
Financial costs during the year	<u>1,184,338</u>	1,493,693
At the end of the year	<u>6,782,075</u>	<u>11,173,000</u>

15 TERM LOANS

The Group entered into an agreement with the Saudi Industrial Development Fund for a gross financing of ﷲ 50.4 million in order to finance the expansion of the plant and for the purpose of purchasing new production lines to increase production capacity. The Industrial Development Fund's loan guarantees include the pledge of majority of the Group's property, plant and equipment. The balance due for payment amounted to ﷲ 10.1 million as of 31 December 2025.

The Group incurs additional expenses charged by the Saudi Industrial Development Fund during the loan period, representing project monitoring fees. These are recognized in the statement of profit or loss on an accrual basis. The expenses recognized in the statement of profit or loss for the financial period ended 31 December 2025 amounted to ﷲ 257,700 (2024: ﷲ 485,017).

The Industrial Development Fund's loan guarantees include the pledge of majority of the Group's property, plant and equipment.

The Group has entered into a revolving credit facility agreement in the form of loans from a local bank. The utilized balance amounted to ﷲ 9.7 million, repayable over varying periods in unequal installments. These loans bear commission based on prevailing interbank commercial rates in the Kingdom of Saudi Arabia and are secured by promissory notes.

The Group obtained short-term credit facilities amounting to ﷲ 126.6 million from a local bank for the purposes of financing the Group's activities. The utilized balance amounted to ﷲ 70.3 million in the form of loans maturing within a period not exceeding 3 to 12 months as of 31 December 2025. The loans carries a commission according to the prevailing commercial rates between banks in the Kingdom of Saudi Arabia. These loans are secured by promissory notes.

The term financing includes certain covenants. Any future breach of these covenants may result in renegotiation. The covenants are monitored on a monthly basis by management. In the event of any potential breach, management takes the necessary actions to ensure compliance. The Company has been in compliance with these covenants.

The following is the summary of the loans as of 31 December 2025 and 2024:

	2025	2024
	ﷲ	ﷲ
Short term loans	<u>70,354,565</u>	3,746,219
Current portion of term loans	2,460,929	25,436,228
Non-current portion of term loans	<u>7,302,639</u>	14,605,298
	<u>80,118,133</u>	<u>43,787,745</u>

15 TERM LOANS (continued)

According to IFRS 20, the interest rate on loans that carry an interest rate below the market rate is measured at fair value. The difference between the book value of the loan from the Industrial Development Fund and the amount received is also treated as government grants. The government grants were as follows:

	2025	2024
	S	S
Government grants – current portion	<u>346,059</u>	790,242
Government grants - non-current portion	<u>437,105</u>	612,637
At the end of the year	<u>783,164</u>	<u>1,402,879</u>

16 EMPLOYEES DEFINED BENEFIT LIABILITIES

The Group grants defined benefit liabilities (“Benefit Program”) to its employees taking into account the requirements of the labor law in the Kingdom of Saudi Arabia. The benefits granted under this benefit program represent a lump sum calculated on the basis of employees' latest salaries and allowances and their accumulated years of service at the date of termination of service.

The benefit obligations recognized in the statement of financial position for defined benefit obligation for employees represent the present value of the defined benefit obligations at the date of preparing the financial statements. The most recent actuarial valuation was performed by an independent qualified actuary using the projected unit credit method.

The following is a statement of the movement in defined benefit obligation for employees:

	2025	2024
	S	S
In the beginning of the year	<u>15,223,547</u>	14,051,874
Current service cost	<u>2,231,345</u>	2,088,012
Financial charges on employees defined benefits liabilities	<u>833,724</u>	677,408
Paid during the year	<u>(1,354,402)</u>	(779,303)
Actuarial losses (gains)	<u>131,315</u>	(814,444)
Balance at the end of the year	<u>17,065,529</u>	<u>15,223,547</u>

Current service cost and commission cost are recognized in employees defined benefits liabilities in the statement of profit or loss. Actuarial (losses) gains are recorded in other comprehensive income.

Significant actuarial assumptions

	2025	2024
Discount rate	<u>5.34%</u>	5.52%
Salary increases rate	<u>4.5%</u>	4.5%

Sensitivity analysis

Reasonably possible changes, at the date of preparation of the financial statements, in one of the relevant actuarial assumptions, holding all other assumptions constant, would have affected employee defined benefit obligations, in the amounts shown below:

16 EMPLOYEES DEFINED BENEFIT LIABILITIES (continued)

	2025	2024
	ﷲ	ﷲ
Increase in discount rate by 1%	16,160,188	14,491,036
Decrease in discount rate by 1%	18,661,469	16,721,691
Increase in salary by 1%	18,746,415	16,799,570
Decrease in salary by 1%	16,065,150	14,404,712

The table below shows the expected maturity analysis of employees' defined benefit liabilities:

	2025	2024
	ﷲ	ﷲ
First-year	2,079,175	2,104,846
Second year	2,039,579	1,837,897
Third year	2,445,115	1,906,283
Fourth-year	2,141,523	2,324,788
Fifth year	2,427,844	2,070,429
Sixth year and above	53,106,828	52,783,685

17 ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	2025	2024
	ﷲ	ﷲ
Accrued expenses	14,965,571	10,912,248
Contract liabilities	3,124,847	4,814,228
Accrued VAT	227,974	139,954
Other	67,078	167,832
	<u>18,385,470</u>	<u>16,034,262</u>

18 ZAKAT

Zakat is calculated on a consolidated basis for the company and its subsidiaries. The zakat charged for the year ended 31 December 2025, amounted to ﷲ 541,148 (2024: ﷲ 1,412,653).

A provision for zakat expense is set aside and recognized in the consolidated statement of profit or loss and other comprehensive income of the group, in accordance with the Zakat collection regulations. Any differences arising from the final zakat calculation, if any, are settled at the end of the year.

18.1 Zakat Base

Components of the zakat base for the year 2025:

	2025	2024
	ﷲ	ﷲ
Total equity and liabilities, and similar items.	164,177,173	199,762,797
Total non-current assets and similar items.	(143,183,613)	(145,109,330)
Total Zakat base.	20,993,560	54,653,467
Net Zakat base.	20,993,560	54,653,467
Zakat payable for the current year	541,148	1,412,653

Zakat is due at a rate of 2.5777% of the zakat base for the year 2025 (2024: 2.5847%)

18 ZAKAT (continued)

18.2 Zakat provision movement

	2025 ؄	2024 ؄
At the beginning of the year	1,503,308	2,988,120
Charged during the year	541,148	1,412,653
Payments during the year	(1,408,459)	(2,897,465)
At the end of the year	635,997	1,503,308

18-3 Zakat assessment

The Group submitted its zakat returns to the Zakat, Tax and Customs Authority for all years up to 2024 and has finalized the zakat assessments with ZATCA for all years up to 2024.

19 TRANSACTIONS WITH RELATED PARTIES AND THEIR BALANCES

Senior management employees are defined as people who have the authority and responsibility to plan, direct and control the Group's activities (directly or indirectly)

Transactions with related parties include salaries, bonuses and allowances of members of the Board of Directors and senior executives that took place during the year between the Group and senior management. Transactions with related parties were as follows:

	2025 ؄	2024 ؄
Short-term salaries and benefits	5,116,516	4,032,993
Allowances and rewards for the Board of Directors and other committees	2,370,000	1,153,000
Defined employee benefit obligations	232,326	211,585
	7,718,842	5,397,578

20 REVENUES

	2025 ؄	2024 ؄
Sale of packaging and packaging products	195,146,712	190,455,517
Sale of technical textiles	56,487,799	55,224,467
Recognized sales at a point of time	251,634,511	245,679,984
Geographic markets		
	2025 ؄	2024 ؄
Inside Kingdom of Saudi Arabia	147,444,805	162,472,287
Outside Kingdom of Saudi Arabia	104,189,706	83,207,697
	251,634,511	245,679,984

21 COST OF REVENUE

	2025	2024
	ﷲ	ﷲ
Cost of raw materials	<u>144,285,547</u>	139,396,896
Salaries, wages and its equivalence	<u>31,137,346</u>	30,334,089
Depreciation of property, plant and equipment	<u>11,905,925</u>	11,530,433
Hired labor	<u>6,529,566</u>	4,452,296
Amortization of right to use assets	<u>496,149</u>	496,150
Other operating expenses	<u>19,461,538</u>	16,585,917
	<u>213,816,071</u>	<u>202,795,781</u>

22 SELLING AND MARKETING EXPENSES

	2025	2024
	ﷲ	ﷲ
Salaries, wages and its equivalence	<u>8,789,721</u>	7,452,590
Transportation and shipping	<u>6,729,036</u>	6,169,332
Advertising	<u>1,139,043</u>	289,155
Depreciation of property, plant and equipment	<u>45,355</u>	59,454
Others	<u>2,142,592</u>	1,986,912
	<u>18,845,747</u>	<u>15,957,443</u>

23 GENERAL AND ADMINISTRATIVE EXPENSES

	2025	2024
	ﷲ	ﷲ
Salaries, wages and its equivalence	<u>18,720,986</u>	14,041,960
Professional fees	<u>3,286,519</u>	1,255,384
Allowances and rewards for the Board of Directors and other committees	<u>2,370,000</u>	1,153,000
Research and development expenses	<u>784,280</u>	1,446,936
Bank charge	<u>360,586</u>	406,165
Telephone and postage	<u>336,548</u>	131,033
Training expenses	<u>315,178</u>	158,732
Security and safety expenses	<u>252,540</u>	251,852
Amortization of intangible assets	<u>180,750</u>	180,750
Electricity and water	<u>168,227</u>	195,512
Insurance expenses	<u>156,113</u>	130,480
Depreciation of property, plant and equipment	<u>134,407</u>	117,641
Subscriptions and fees	<u>112,994</u>	393,781
Expected credit losses-Advance to suppliers	-	504,823
Expected credit losses- Employees advances	-	100,063
Others	<u>1,920,996</u>	1,983,889
	<u>29,100,124</u>	<u>22,452,001</u>

24 OTHER INCOME

	2025	2024
	S	S
Revenue from Human Resources Support	2,835,167	-
Income from technical support	1,200,000	-
Scrap sale	715,748	212,862
Support the Higher Institute of Plastics	363,120	302,034
Murabaha deposit income	33,047	344,240
Gains on disposal of property, plant and equipment	3,319	-
Refundable Customs Duties	-	113,831
Other	606,531	288,508
	<u>5,756,932</u>	<u>1,261,475</u>

25 FINANCE CHARGES

	2025	2024
	S	S
Credit facilities from local banks	3,753,813	2,148,651
Deferred liability for purchase of non-controlling interest	1,184,338	1,493,693
Financial charges from the employees defined benefits liabilities	833,724	677,408
Financial charges from lease liabilities	465,342	406,276
Expenses for following up on the Saudi Industrial Development Fund loan	257,700	485,017
Financial charges from the Saudi Industrial Development Fund loan	205,275	417,701
	<u>6,700,192</u>	<u>5,628,746</u>

26 (LOSS) EARNINGS PER SHARE

Basic and diluted (Loss) earnings per share is calculated by dividing the net (Loss) profit attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the period. Diluted (Loss) earnings per share is the same as basic (Loss) earnings per share since the Group has no diluted shares issued.

	2025	2024
	S	S
Net (Loss) profit attributable to shareholders	(19,107,882)	930,509
Weighted average number of shares	11,500,000	11,500,000
Basic and diluted (Loss) earnings per share	<u>(1.66)</u>	<u>0.08</u>

27 SEGMENT INFORMATION

The Group's management has determined the operating segments based on the reports reviewed by the Board of Directors, on the basis of which strategic decisions are taken. For management purposes, the Group is organized into two segments. The following are the operating segments of the Group:

Packing and packaging

The Packing and packaging sector is engaged in weaving textiles from industrial threads such as nylon, manufacturing bags from plastics, manufacturing plastics (plastics) in their primary forms, spinning and preparing plant fibers such as hemp and staple.

27 SEGMENT INFORMATION (continued)

Technical textiles

The technical textiles sector is engaged in cutting and detailing tents and sails, car and furniture covers, machinery and goods covers, and the manufacture of bags, flags, banners, umbrellas and awnings.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with the operating profit or loss in the consolidated financial statements.

Below is a summary of the Group's revenues from contracts with customers:

2025	Packing and packaging	Technical tex- tiles	Eliminations	Total
	ﷲ	ﷲ	ﷲ	ﷲ
Revenues	195,146,712	56,896,568	(408,769)	251,634,511
Revenue cost	(155,891,035)	(58,584,645)	659,609	(213,816,071)
Gross profit	39,255,677	(1,688,077)	250,840	37,818,440
	Packing and packaging	Technical textiles	Eliminations	Total
2024	ﷲ	ﷲ	ﷲ	ﷲ
Revenues	191,170,519	55,224,467	(715,002)	245,679,984
Revenue cost	(153,587,212)	(50,174,411)	965,842	(202,795,781)
Gross profit	37,583,307	5,050,056	250,840	42,884,203

The details of the assets and liabilities of the Group's segments are as follows:

2025	Packing and packaging	Technical textiles	Eliminations	Total
	ﷲ	ﷲ	ﷲ	ﷲ
Total assets	296,498,271	139,221,961	(150,463,251)	285,256,981
Total liabilities	144,931,997	75,308,633	(61,191,225)	159,049,405
	Packing and packaging	Technical textiles	Eliminations	Total
2024	ﷲ	ﷲ	ﷲ	ﷲ
Total assets	283,214,667	146,569,128	(148,259,641)	281,524,154
Total liabilities	117,204,832	106,898,998	(88,026,449)	136,077,381

28 CONTINGENCIES AND COMMITMENT

As at 31 December 2025, the Group had outstanding letters of credit and letters of guarantee amounted to ﷲ 958,767 (2024: ﷲ 3,352,086).

29 FAIR VALUE MEASUREMENT

Fair value is the value at which assets are exchanged or liabilities are settled between willing parties in an arm's length transaction. Financial instruments consist of financial assets and financial liabilities. Financial assets include trade receivables, and cash and cash equivalents. Financial liabilities include loans, trade payable, lease liabilities, and contingent liability for the acquisition of non-controlling interest.

The management has assessed that the fair value of cash and cash equivalents, trade receivables, loans, trade payable, and lease liabilities approximates their carrying amounts. This is mainly due to the short-term maturity of these instruments.

During the two years ended 31 December 2025, and 2024, no transfers were made between Level 1 and Level 2 of the fair value measurement hierarchy, nor were there any transfers into or out of Level 3 of the fair value measurement hierarchy.

30 RISK MANAGEMENT FOR FINANCIAL INSTRUMENTS

The Group's principal financial liabilities consist of trade payables and other current liabilities, bank facilities, term loan and lease liabilities and contingent liability for the acquisition of non-controlling interest. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include cash and cash equivalents, trade receivables that arise directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management supervises the management of these risks. The Group's senior management also reviews policies and procedures to ensure that financial risks are identified, measured and managed in accordance with the Group's risk management policies and objectives. The Group does not have any risk hedging activities.

The Board of Directors reviews and approves policies for managing all of these risks, as summarized below:

MARKET RISK

Market risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market commission rates and market liquidity.

Market risk includes the following types of risks: commission rate risk and currency risk. Financial instruments affected by market risk include term loans.

INTEREST RATE RISK

Interest rate risk represents the risk resulting from the fluctuation of the value of financial instruments as a result of fluctuations in interest rates prevailing in the market. The risks to which the Group is exposed to changes in interest rates prevailing in the market relate mainly to the Group's term loan. The Group manages exposure to interest rate risks by monitoring changes in interest rates on an ongoing basis.

A reasonable change in interest rates by 50 basis points, holding all other variables constant, for bank facilities, term loans and interest-linked would impact the consolidated statement of profit or loss and other comprehensive income by ﷲ 400,591 (2024: ﷲ 241,053).

30 RISK MANAGEMENT FOR FINANCIAL INSTRUMENTS (continued)

CURRENCY RATE RISKS

Currency risk represents the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group's transactions are mainly conducted in ﷲ and US Dollars, and since the ﷲ exchange rate is fixed against the US Dollar, the Group is not significantly exposed to currency rate risk.

CREDIT RISK

Credit risk represents the risk that a third party or customer will fail to fulfill its contractual obligations on a financial instrument or customer contract, resulting in the Group incurring a financial loss. The Group is exposed to credit risk on bank balances and its trade receivables as follows:

	2025	2024
	ﷲ	ﷲ
Trade receivables	67,572,467	63,501,278
Short-term deposits	10,000,000	-
Bank balances	5,634,054	8,808,455
	<u>83,444,085</u>	<u>72,397,474</u>

Trade receivables

The Group's exposure to credit risk is mainly affected by the individual characteristics of each individual customer, but management also takes into account factors that may have an impact on the credit risk of the Group's customer base, including the risk of default in the customer's sector. The Group creates an allowance for expected credit losses. Which amounted to ﷲ 17,591,043 on 31 December 2025 (31 December 2024: ﷲ 4,524,697). For the disclosure of expected credit losses on trade receivables refer to (Note 10)

Bank balances and short-term deposits

Credit risk arising from balances with banks and financial institutions is managed by the Group's treasury function in accordance with the Group's policy. The Group seeks to manage credit risk related to banks and deposits by dealing only with reputable banks. As at the date of the consolidated financial statements, management has not identified any significant concentrations of credit risk.

LIQUIDITY RISK

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly at an amount close to its fair value. The Group manages its liquidity risk by ensuring that bank facilities are available. The Group's terms of sales require amounts to be paid 30 to 60 days from the date of sale. Accounts payable are normally settled within 90 days of the date of purchase. All the liabilities presented in the Group's consolidated financial statements, except for the non-current portion of lease liabilities and employee benefit obligations, are contractually due for payment on demand.

The table below summarizes the maturity dates of the Group's undiscounted financial liabilities as at 31 December, based on contractual payment dates and current market interest rates:

30 RISK MANAGEMENT FOR FINANCIAL INSTRUMENTS (continued)

31 December 2025	within one	From 1 to 5	More than 5	Total
	year	years	years	
	؄	؄	؄	؄
Term loans	72,815,494	7,302,639	-	80,118,133
Trade payables	23,905,809	-	-	23,905,809
Accrue expenses and other current liabilities	18,385,470	-	-	18,385,470
Accrued Dividend	5,148,109	-	-	5,148,109
Lease liabilities	780,024	3,120,096	3,900,120	7,800,240
	121,034,906	10,422,735	3,900,120	135,357,761

31 December 2024	within one year	From 1 to 5	More than 5	Total
	year	years	years	
	؄	؄	؄	؄
Term loans	14,605,298	29,182,447	-	43,787,745
Trade payables	35,264,730	-	-	35,264,730
Accrue expenses and other current liabilities	16,034,262	-	-	16,034,262
Accrued Dividend	5,148,109	-	-	5,148,109
Lease liabilities	780,024	3,120,096	4,680,144	8,580,264
	71,832,423	32,302,543	4,680,144	108,815,110

31 CAPITAL MANAGEMENT

For the purpose of managing the Group's capital, capital includes issued share capital and all other shareholders' equity reserves attributable to shareholders. The main objective of the Group's capital management is to ensure that it maintains a healthy capital ratio in order to support its operations and increase the benefit to shareholders.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions.

There were no changes to the objectives, policies and procedures for capital management during the two years ended 31 December 2025 and 2024.

32 SUBSEQUENT EVENTS

management is not aware of any other significant subsequent events that would have a material impact on the consolidated financial statements.

33 APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Group for the year ended 31 December 2025 were authorized for issuance by the Board of Directors on 12 Shawal 1447H (corresponding to 31 March 2026).