

NATIONAL ENVIRONMENTAL RECYCLING COMPANY
A SAUDI JOINT STOCK COMPANY

FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2025

NATIONAL ENVIRONMENTAL RECYCLING COMPANY
A SAUDI JOINT STOCK COMPANY
FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2025

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of National Environmental Recycling Company
 A Saudi Joint Stock Company

Opinion

We have audited the accompanying financial statements of National Environmental Recycling Company (the "Company") (a Saudi Joint Stock Company), which comprise the statement of financial position as of 31 December 2025, the statement of comprehensive income, the statement of changes in equity, and the statement of cash flows for the year then ended, and the notes to the financial statements, including material accounting policy information.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA") that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) that is endorsed in the Kingdom of Saudi Arabia (the "Code") that is relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key audit matter	How the matter was addressed in our audit
<p>Revenue Recognition</p> <p>For the financial year ended 31 December 2025, the Company recognized total revenue of ١.٢٤ billion.</p> <p>Revenue recognition is considered a key audit matter given the significant amount involved and due to the factors associated with revenue recognition and the inherent risk of material misstatement associated with determining the recognition and measurement of revenue.</p> <p>Refer to material accounting policies in note 4 for revenue and note 23 for more details on revenue in the financial statements.</p>	<p>Our audit procedures, among others, included the following:</p> <ul style="list-style-type: none"> - Evaluating the appropriateness of the Company's accounting policies for revenue recognition and measurement with reference to the requirements of IFRS 15 Revenue from Contracts with Customers. - Obtaining an understanding of, and assessing the design and implementation of, key internal controls over the revenue cycle. - Performing substantive testing of revenue transactions on a sample basis by agreeing selected transactions to sales invoices, customer contracts and other relevant supporting documentation. - Performing cut-off testing to assess whether revenue was recorded in the correct accounting period. - Assessing the adequacy and appropriateness of the related disclosures in the financial statements in accordance with IFRS requirements.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Shareholders of National Environmental Recycling Company

A Saudi Joint Stock Company

Key Audit Matters (CONTINUED)

Key audit matter	How the matter was addressed in our audit
<p>Valuation and Existence of Inventory</p> <p>As of 31 December 2025, the Company's inventory balance amounted to 208 million.</p> <p>We identified this as a key audit matter due to the significance of inventory to the financial statements. Further, due to the nature of inventory, significant judgement is required to estimate the inventory quantities, and its valuation requires significant judgment, including the use of variety of estimation and valuation techniques. These factors increase the inherent risk of material misstatement.</p> <p>Refer to material accounting policies in note 4 for inventories and note 8 for more details on inventories in the financial statements.</p>	<p>Our audit procedures, among others, included the following:</p> <ul style="list-style-type: none"> - Assessing the appropriateness of the Company's accounting policies for recognition and measurement of inventory in line with the requirements of applicable accounting standards. - Obtaining an understanding and evaluating management's processes and controls over inventory recording, physical counting to determine the quantity on hand and inventory valuation process. - Attending and observing management's physical inventory count procedures at material locations and evaluating the results of physical inventory count procedures performed at or around the year end and challenging the management processes to determine the quantities on hand. - Reviewing the work of management's valuation specialist and evaluating the competence, capabilities, independence and objectivity of the specialist and the reasonableness of the methodologies applied. - Reviewing and analyzing the net realizable value for inventory, and testing on a sample basis, the valuation of inventory by comparing recorded costs to their net realizable value at year end. - Performing cut-off testing at year end. - Assessing the adequacy and appropriateness of the related disclosures in the financial statements in accordance with IFRS requirements.

Other Information

Other information consists of the information included in the Company's annual report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information in the annual report of the Company. The Company's annual report is expected to be made available to us after the date of this auditor's report.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement in this other information, we are required to report that fact. We have nothing to report in this regard.



INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Shareholders of National Environmental Recycling Company

A Saudi Joint Stock Company

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Shareholders of National Environmental Recycling Company
A Saudi Joint Stock Company

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

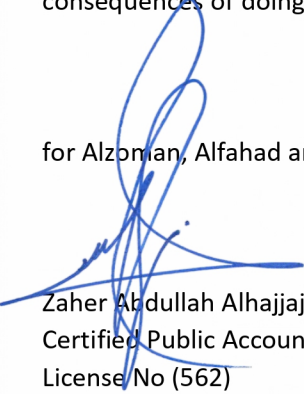
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

for Alzoman, Alfahad and Alhajjaj Professional Services


Zaher Abdullah Alhajjaj
Certified Public Accountant
License No (562)



Riyadh, Kingdom of Saudi Arabia

Date: 7 Ramadan 1447H


Corresponding to: 24 February 2026

A SAUDI JOINT STOCK COMPANY
 STATEMENT OF FINANCIAL POSITION
 AS OF 31 DECEMBER 2025
 (ALL AMOUNTS EXPRESSED IN SAUDI RIYALS UNLESS OTHERWISE STATED)

	Notes	31 December 2025	31 December 2024
Assets			
Non-current assets			
Property, plant and equipment	6	232,142,588	155,292,894
Right-of-use assets	7	3,695,838	4,987,732
Total non-current assets		235,838,426	160,280,626
Current assets			
Inventories	8	207,577,294	163,409,855
Trade receivables	9	232,797,065	51,822,512
Prepayments and other receivables	10	42,302,904	28,786,347
Cash and cash equivalents	11	17,197,502	16,493,223
Total current assets		499,874,765	260,511,937
Total assets		735,713,191	420,792,563
Equity and liabilities			
Equity			
Share capital	12	232,320,000	116,160,000
Share premium	13	-	67,838,889
Treasury shares	14	(4,484,000)	(4,000,000)
Statutory reserve	15	9,462,174	10,040,024
Share-based payment reserve	17	48,887	404,026
Retained earnings		61,385,801	47,743,261
Total equity		298,732,862	238,186,200
Liabilities			
Non-current liabilities			
Long-term borrowings	18	98,566,609	26,744,986
Lease liabilities	7	1,417,219	2,331,436
Employees' benefit obligations	19	3,002,719	2,093,309
Total non-current liabilities		102,986,547	31,169,731
Current Liabilities			
Trade payables	20	71,263,028	1,938,654
Accrued expenses and other liabilities	21	11,843,351	6,364,826
Short-term borrowings	18	231,353,314	127,704,144
Zakat provision	22	4,367,700	3,045,428
Current portion of long-term borrowings	18	14,252,174	10,924,775
Current portion of lease liabilities	7	914,215	1,458,805
Total current liabilities		333,993,782	151,436,632
Total liabilities		436,980,329	182,606,363
Total equity and liabilities		735,713,191	420,792,563


Chairman of Board of Directors

Eyad Abdulaziz Alnafei

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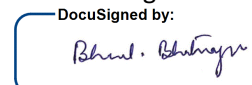
Chief Executive Officer

Nasser Mohammed Al Dueb

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Chief Financial Officer

Bharat Bhatnagar

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The accompanying notes 1 to 36 form an integral part of these financial statements.

NATIONAL ENVIRONMENTAL RECYCLING COMPANY

A SAUDI JOINT STOCK COMPANY

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME


FOR THE YEAR ENDED 31 DECEMBER 2025

(ALL AMOUNTS EXPRESSED IN SAUDI RIYALS UNLESS OTHERWISE STATED)

	Notes	31 December 2025	31 December 2024
Revenue	23	1,237,215,486	806,045,768
Cost of revenue	24	(1,138,420,169)	(747,874,591)
Gross profit		98,795,317	58,171,177
General and administrative expenses	25	(16,366,616)	(10,960,200)
Expected credit losses	9	(2,409,107)	(1,388,366)
Operating profit		80,019,594	45,822,611
Other income	26	2,927,606	1,260,296
Finance cost	27	(17,745,657)	(8,045,784)
Profit before zakat		65,201,543	39,037,123
Zakat, net of reversals	22	(4,308,397)	(2,872,565)
Profit for the year		60,893,146	36,164,558
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:			
Actuarial losses on re-measurement of employee's benefit obligations	19	(346,484)	(102,340)
Total comprehensive income for the year		60,546,662	36,062,218
Earnings per share attributable to the shareholders			
	28		
Basic		0.270	0.161
Diluted		0.270	0.158

Chairman of Board of Directors

Eyad Abdulaziz Alnafei

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Chief Executive Officer

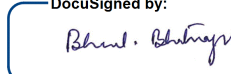
Nasser Mohammed Al Dueb

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Chief Financial Officer

Bharat Bhatnagar

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NATIONAL ENVIRONMENTAL RECYCLING COMPANY

A SAUDI JOINT STOCK COMPANY

STATEMENT OF CHANGES IN EQUITY


FOR THE YEAR ENDED 31 DECEMBER 2025

(ALL AMOUNTS EXPRESSED IN SAUDI RIYALS UNLESS OTHERWISE STATED)

	Share capital	Share premium	Treasury shares	Statutory reserve	Share-based payment reserve	Retained earnings	Total equity
For the year ended 31 December 2025							
As of 1 January 2025	116,160,000	67,838,889	(4,000,000)	10,040,024	404,026	47,743,261	238,186,200
Profit for the year	-	-	-	-	-	60,893,146	60,893,146
Other comprehensive loss	-	-	-	-	-	(346,484)	(346,484)
Total comprehensive income for the year	-	-	-	-	-	60,546,662	60,546,662
Transfer to share capital on bonus issue (note 12)	116,160,000	(67,838,889)	-	(577,850)	-	(47,743,261)	-
Bonus issue adjustment on treasury shares (note 14)	-	-	(2,242,000)	-	-	2,242,000	-
Transfer on allocation of treasury shares to Employees (note 14.3)	-	-	1,402,861	-	-	(1,402,861)	-
Share-based payment (note 17 and note 14.3)	-	-	355,139	-	(355,139)	-	-
As of 31 December 2025	232,320,000	-	(4,484,000)	9,462,174	48,887	61,385,801	298,732,862
For the year ended 31 December 2024							
As of 1 January 2024	58,080,000	67,838,889	(2,000,000)	6,459,719	201,730	71,341,348	201,921,686
Profit for the year	-	-	-	-	-	36,164,558	36,164,558
Other comprehensive loss	-	-	-	-	-	(102,340)	(102,340)
Total comprehensive income	-	-	-	-	-	36,062,218	36,062,218
Share-based payment (note 17)	-	-	-	-	202,296	-	202,296
Transfer to share capital on bonus issue (note 12)	58,080,000	-	-	-	-	(58,080,000)	-
Bonus issue adjustment on treasury shares (note 14)	-	-	(2,000,000)	-	-	2,000,000	-
Transfer to the statutory reserve	-	-	-	3,580,305	-	(3,580,305)	-
As of 31 December 2024	116,160,000	67,838,889	(4,000,000)	10,040,024	404,026	47,743,261	238,186,200

Chairman of Board of Directors

Eyad Abdulaziz Alnafe

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Chief Executive Officer

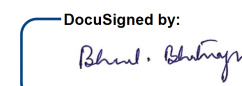
Nasser Mohammed Al Dueb

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Chief Financial Officer

Bharat Bhatnagar

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The accompanying notes 1 to 36 form an integral part of these financial statements.

NATIONAL ENVIRONMENTAL RECYCLING COMPANY

A SAUDI JOINT STOCK COMPANY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2025

(ALL AMOUNTS EXPRESSED IN SAUDI RIYALS UNLESS OTHERWISE STATED)

	Note	31 December 2025	31 December 2024
Operating activities			
Profit before zakat		65,201,543	39,037,123
Adjustments to reconcile profit before zakat to net cash flows:			
Depreciation of property, plant and equipment	6	12,113,277	7,394,323
Loss / (gain) on disposal of property, plant and equipment		53,824	(10,167)
Depreciation of right-of-use assets	7	1,291,894	1,394,138
Expected credit losses on trade receivables	9	2,409,107	1,388,366
Provision for doubtful other receivables	10	1,000,000	-
Charge of employees' benefit obligations	19	457,016	441,453
Finance cost	27	17,745,657	8,045,784
Share-based payment expense		-	202,296
		100,272,318	57,893,316
Working capital changes:			
Inventories		(44,167,439)	(66,676,248)
Trade receivables		(183,383,660)	(84,817)
Prepayments and other receivables		(14,516,557)	22,896,420
Trade payables		69,324,374	(19,907,918)
Accrued expenses and other liabilities		5,478,525	2,088,849
		(66,992,439)	(3,790,398)
Employees' benefit obligations paid	19	(9,222)	(121,980)
Zakat paid	22	(2,986,125)	(2,146,852)
Finance cost		(1,631,892)	(358,065)
Net cash used in operating activities		(71,619,678)	(6,417,295)
Investing activities			
Purchase of property, plant and equipment		(89,421,405)	(47,654,916)
Proceeds from sale of property, plant and equipment		759,017	18,966
Net cash used in investing activities		(88,662,388)	(47,635,950)
Financing activities			
Proceeds from long-term borrowings	18	116,698,009	24,285,714
Repayment of long-term borrowings	18	(46,116,521)	(19,292,841)
Payment of lease liabilities	7	(1,703,080)	(1,829,495)
Proceeds from short-term borrowings	18	393,481,123	214,911,700
Repayments of short-term borrowings	18	(301,373,186)	(157,332,069)
Net cash generated from financing activities		160,986,345	60,743,009
Net changes in cash and cash equivalents during theyear		704,279	6,689,764
Cash and cash equivalents at the beginning of the year		16,493,223	9,803,459
Cash and cash equivalents at the end of the year	11	17,197,502	16,493,223
Non-cash items:			
Capital work-in-progress to property, plant and equipment	6	21,191,283	91,167,576
Additions to right-of-use assets and lease liabilities	7	-	2,168,804
Bonus issue of shares	12	116,160,000	58,080,000
Shares issued from treasury shares for employee options	14	1,758,000	-
Re-measurement of employee benefit obligations	19	346,484	102,340

Chairman of Board of Directors

Eyad Abdulaziz Alnafe'i

Chief Executive Officer

Nasser Mohammed Al Dueb

Chief Financial Officer

Bharat Bhatnagar

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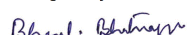
The accompanying notes 1 to 38 form an integral part of these financial statements.

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NATIONAL ENVIRONMENTAL RECYCLING COMPANY

A SAUDI JOINT STOCK COMPANY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

(ALL AMOUNTS EXPRESSED IN SAUDI RIYALS UNLESS OTHERWISE STATED)

1- LEGAL STATUS AND OPERATIONS

National Environmental Recycling Company (A Saudi Joint Stock Company) (“the Company”), established under the Commercial Register No. 1010465140 dated 27 Jumada Al-Akhira 1436 AH (corresponding to 16 April 2015) in Riyadh, Kingdom of Saudi Arabia.

The principal activities of the Company are represented in the wholesale of waste, scrap and materials for recycling, including collection, classification, segregation, stripping, storage, and delivery.

The Company carries out its activities through the factory of National Environmental Recycling Company (“the Branch”), which is registered in Riyadh, Kingdom of Saudi Arabia under Commercial Registration No. 1010432838 on 29 Muharram 1438 AH (corresponding to 30 October 2016). The Branch is engaged in the production of copper, aluminum and iron blocks, plastic granules and blocks containing precious metals under industrial license no. 1438100182884. The registered address of the Company is P.O. Box 3431, Riyadh 13524, Al-Malqa District, Riyadh, Kingdom of Saudi Arabia.

These financial statements include the Company’s assets, liabilities, activities and the Branch.

2- BASIS OF PREPARATION

The Company’s financial statements for the year ended 31 December 2025 have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”). The material accounting policies that are adopted by the Company have been set out in note 4.

The financial statements have been prepared on a historical cost basis, except for the employees’ benefits obligations that are measured using the Project Credit Unit Method as shown in the respective accounting policy.

The financial statements are presented in Saudi Riyal (“ﷲ”) which is the functional currency for the Company. All amounts are rounded to the nearest Saudi Riyals unless otherwise indicated.

3- SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company’s financial statements requires management to make judgments, estimates and assumptions at the date of preparing the financial statements that may affect the amounts of revenues, expenses, assets and liabilities recognized, the accompanying disclosures and the disclosures of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require material adjustments to the carrying amounts of assets or liabilities that will be affected in future periods.

Other disclosures regarding the company’s exposure to risks and uncertainties include the following:

- Fair value and financial instrument risks management, note 32.
- Capital management, note 33.

3-1 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk that may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below. The Company based its assumptions and estimates on the data available when the financial statements were prepared. However, current conditions and assumptions about future developments may change due to market changes or circumstances arising beyond the Company’s control. These changes are reflected in the assumptions when they occur.

(a) Useful lives of property, plant and equipment

Management determines the estimated useful lives of property, plant and equipment for the purpose of calculating depreciation. These estimates are based on the expected usage of the assets and their physical wear and tear. Management reviews the useful lives and residual values at least annually, and any changes in depreciation charges are accounted for prospectively in the current and future periods.

NATIONAL ENVIRONMENTAL RECYCLING COMPANY

A SAUDI JOINT STOCK COMPANY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

(ALL AMOUNTS EXPRESSED IN SAUDI RIYALS UNLESS OTHERWISE STATED)

3- SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

3-1 Estimates and assumptions (Continued)

(b) Existence of inventories

The quantities of inventories are determined using a combination of estimation techniques, including physical observation, weighing, and other industry-standard methods. Due to the nature of the inventories, these quantities are subject to estimation uncertainty. Management performs regular physical counts and reconciles them to accounting records to ensure the accuracy and reliability of inventory balances.

(c) Measurement of expected credit losses (ECL)

The Company applies simplified approach in measuring expected credit losses (ECL) for trade receivables. Under this approach, trade receivables are grouped based on shared credit risk characteristics and the number of days past due.

Expected credit losses are determined using historical default rates and the Company's loss experience. The loss given default (LGD) is calculated based on historical cash receipts and recovery patterns from defaulted receivables. These historical loss rates are adjusted to incorporate forward-looking information, including relevant macroeconomic factors such as inflation and gross domestic product (GDP) growth forecasts, to reflect expected future economic conditions.

(d) Employees' end-of-service benefits

The cost of employees defined benefit obligation and other post-employment benefits are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, and mortality rates. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

(e) Revenue - Variable consideration on export sales

The Company recognizes revenue for certain export sales initially based on the prevailing market price at the date of sale. The final selling price is determined once the customer receives the goods and confirms their quality in accordance with the contract. Any difference between the provisional invoice and the final agreed price is recognized as revenue in the period when the price is finalized through the issuance of debit or credit notes. The Company does not estimate variable consideration before the final price is confirmed, as the final consideration depends on customer confirmation of quality and contractual specifications, making the outcome uncertain. Revenue is recognized only when the consideration is fixed and determinable, consistent with IFRS 15 – Revenue from Contracts with Customers.

(f) Zakat

The Company is subject to Zakat in accordance with the Zakat, Tax and Customs Authority ("ZATCA") regulations. Zakat computation involves relevant knowledge and judgement of the Zakat rules and regulations to assess the impact of Zakat liability at a particular period end. This liability is considered an estimate until the final assessment by ZATCA is carried out until the Company retains exposure to additional Zakat liability.

4- MATERIAL ACCOUNTING POLICIES

4-1 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. When a major review is made, its cost is recognized in the carrying amount of the properties, plants and equipment as an alternative if the recognition criteria are met. Repair and maintenance costs are recognized in the statement of profit or loss and other comprehensive income as incurred. Land and capital works in progress are not depreciated. The present value of the expected cost to cancel an asset after using it is included in the respective asset cost if the provision recognition criteria are met.

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4- MATERIAL ACCOUNTING POLICES (CONTINUED)

4-1 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

Asset	Years
Leasehold improvements	The useful life of the improvements or the lease period, whichever is shorter
Building	10 - 25 Years
Equipment	2 - 15 Years
Containers and prefabricated houses	10 Years
Computers and Printers	2 - 5 Years
Vehicles	2 - 10 Years
Furniture and fixtures	3 - 5 Years
Machines	2 - 15 Years

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the assets is calculated as the difference between the net disposal proceeds and the net book value of the asset and is included in the statement of profit or loss and other comprehensive income when the asset is derecognized.

The residual values, useful lives, and methods of depreciation of property, plant and equipment are reviewed at each financial year end and accounted for any changes in the estimations prospectively, if required.

Capital work-in-progress is stated at cost less accumulated impairment losses, if any. Capital work-in-progress is not depreciated until the asset under construction or development is ready for use for the purpose which it was created for or developed by management where the cost of the asset is transferred to its line item.

4-2 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The determination of whether an arrangement is, or contains, a lease is decided at the inception date. An arrangement is, or contains, a lease if it grants the right to control a particular asset or assets for a period of time in exchange for compensation.

Company as a lessee

A- Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date, less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful life of the underlying asset, unless the lease transfers ownership of the underlying asset to the Company or the Company is reasonably certain to exercise a purchase option.

B- Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

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4- MATERIAL ACCOUNTING POLICES (CONTINUED)

4-2 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

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

Short-term leases are leases with a lease term of 12 months or less. Low value assets are items that do not meet the Company's capitalization threshold and are considered to be insignificant for the statement of financial position for the Company as a whole. Payments of short-term leases and leases of low value assets are recognized on a straight-line basis in the statement of profit or loss and other comprehensive income.

4-3 INVENTORIES

Recognition and measurement

Inventories, including ferrous and non-ferrous metals, are stated at the lower of cost and net realizable value (NRV). Cost is determined using the weighted average method and comprises direct materials and other costs incurred in bringing the inventories to their present location and condition.

Stores and spare parts consist of consumables and maintenance items that do not meet the definition of property, plant, and equipment, and are measured at cost or NRV, whichever is lower.

Valuation of inventories

At each reporting date, inventories are assessed to ensure they are stated at the lower of cost and NRV. NRV is determined as the estimated selling price in the ordinary course of business, less estimated costs of completion and costs to sell. If changing market conditions indicate that NRV is lower than cost, an impairment loss is recognized in the statement of profit or loss. For non-ferrous materials, management periodically engages independent external parties to verify quantities and assess inventory valuation.

4-4 FINANCIAL INSTRUMENTS

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as measured at amortized cost, fair value through other comprehensive income (FVOCI), or fair value through profit or loss (FVTPL), depending on the business model for managing the financial assets and the contractual cash flow characteristics of the instruments.

All financial assets are recognized initially at fair value, plus, for financial assets not measured at FVTPL, and any directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification:

- **Financial Assets at Amortized Cost:** Financial assets at amortized cost are measured using the effective interest rate (EIR) method and are subject to impairment. Interest income, foreign exchange gains and losses, and impairment losses are recognized in the statement of profit or loss. Gains or losses are recognized in profit or loss when the asset is derecognized or reclassified.
- **Financial Assets at FVOCI:** Debt instruments classified as FVOCI are measured at fair value, with changes recognized in other comprehensive income, except for impairment losses, interest income, and foreign exchange gains or losses, which are recognized in profit or loss. For equity instruments designated at FVOCI, changes in fair value are recognized in OCI and are not recycled to profit or loss upon derecognition.
- **Financial Assets at FVTPL:** Financial assets at FVTPL are measured at fair value, with all changes in fair value recognized in profit or loss.

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4- MATERIAL ACCOUNTING POLICES (CONTINUED)

4-4 FINANCIAL INSTRUMENTS (CONTINUED)

Financial assets (Continued)

Derecognition of financial assets

A financial asset is derecognized when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows or has entered into a pass-through arrangement and either:
(a) has transferred substantially all the risks and rewards of the asset, or
(b) has neither transferred nor retained substantially all the risks and rewards but has transferred control of the asset.

Where the Company retains some rights or obligations, it continues to recognize the asset to the extent of its continuing involvement, with a corresponding liability recognized for the associated obligation.

Impairment of financial assets

The Company applies the simplified approach for trade receivables, recognizing expected credit losses (ECL) over the lifetime of the receivable. ECLs are based on historical default experience, adjusted for forward-looking factors, including macroeconomic conditions and expected changes in customer credit risk.

Indicators of impairment include significant financial difficulties of the debtor, payment defaults, or observable data indicating a reduction in expected future cash flows. Financial assets are written off when there is no reasonable expectation of recovering the contractual cashflows.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as FVTPL, loans and borrowings, or other payables, as appropriate. All financial liabilities are recognized at fair value, and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as described below:

- **Loans and Borrowings:** Measured at amortized cost using the EIR method. Interest expense is recognized in the statement of profit or loss using the EIR method. Gains or losses are recognized when the liability is derecognized or through the EIR amortization process.
- **Financial Liabilities at FVTPL:** Financial liabilities at FVTPL are subsequently measured at fair value, with changes in fair value recognized in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled, or expires.

Offsetting of financial instruments

Financial assets and financial liabilities are offset in the statement of financial position, and the net amount reported, only when there is a currently enforceable legal right to offset the recognized amounts, and the Company intends to settle on a net basis or to realize the asset and settle the liability simultaneously.

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4- MATERIAL ACCOUNTING POLICES (CONTINUED)

4-5 IMPAIRMENT OF NON-FINANCIAL ASSETS

The Company assesses at each reporting date whether there is an indication that a non-financial asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

4-6 VALUE ADDED TAX ("VAT")

Revenues, expenses and assets are recognized net of the amount of value added tax, except:

- Where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the value added tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable,
- Receivables and payables are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of other receivables or payables in the statement of financial position.

4-7 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at banks and on hand and time deposits with a maturity of three months or less from the acquiring date, which are subject to an insignificant risk of changes in value and available without restriction

4-8 RESERVE FORMATION

The Company, at the Annual General Assembly, determines the formation of reserves from net profits to the extent that serves the Company's interest or ensures a stable distribution of dividends to shareholders. The Assembly may also decide to deduct amounts from net profits to fulfill social objectives for the Company's employees. The percentage of net profits to be allocated to reserves is decided by the Annual General Assembly after deducting any other applicable amounts.

4-9 DIVIDEND DISTRIBUTION

Dividends are recognized as a deduction from accumulated profit in statement of changes in equity and as a liability, to the extent it is unclaimed/unpaid, in the Company's financial statements in the year in which the dividends are approved by the Company's Shareholders.

4-10 TREASURY SHARES

Treasury shares are shares of the Company that are reacquired and held by the Company. They are recorded at cost, including directly attributable transaction costs, and are presented as a deduction from equity. Dividends on treasury shares are not recognized as an expense. Gains or losses arising from the sale of treasury shares are recognized directly in equity and not in profit or loss.

The Company may purchase treasury shares after obtaining the approval of the General Assembly. Treasury shares are held for purposes such as fulfilling obligations under employee incentive programs based on shares, or for exchange in connection with acquisitions of shares or other assets. While held as treasury shares, these shares do not carry voting rights or rights to dividends.

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4- MATERIAL ACCOUNTING POLICES (CONTINUED)

4-11 LOANS AND BORROWINGS

Borrowings are recognized at the proceeds received; net of transaction costs incurred. Borrowing costs that are directly attributable to the construction of a qualifying asset are capitalized up to stage when substantially all the activities necessary to prepare the qualifying asset for its intended use are completed and, otherwise, such costs are charged to the statement of profit or loss.

4-12 GOVERNMENT GRANTS

Government grants are recognized when there is reasonable assurance that the Company will comply with the conditions attached to the grants and that the grants will be received. Grants related to the acquisition of non-current assets, including interest-free loans from the government, are initially recognized as deferred income and amortized to profit or loss on a systematic basis over the useful life of the related assets or, in the case of interest-free loans, over the term of the loan. Other grants, such as customs refunds or incentives, are recognized in profit or loss when the right to receive them is established, typically upon receipt.

4-13 EMPLOYEES' BENEFIT OBLIGATIONS

The defined benefit obligation for employees is determined using the projected unit credit method, actuarial valuations performed at the end of each reporting period. Re-measurements, 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. Re-measurements recognized in other comprehensive income are recognized immediately in retained earnings and will not be reclassified to the statement of profit or loss in subsequent periods. Changes in the present value of the defined benefit obligation resulting from plan modifications or staff reductions are recognized directly in the statement of comprehensive income as past service costs. Interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit obligation or asset.

4-14 TRADE PAYABLES

Trade payables are obligations to pay for goods or services acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if the balances are due within one year or less, otherwise they are presented as non-current liabilities.

4-15 ACCRUED EXPENSES

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the suppliers or not.

4-16 PROVISIONS

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the reporting date. The amount recognized as a provision is reviewed at each reporting date and adjusted to reflect the current best estimate.

4-17 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability is a possible obligation arising from past events whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events, or a present obligation that is not recognized because it is not probable that an outflow of resources will be required, or the amount cannot be reliably measured. Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of resources is remote.

A contingent asset is a possible asset arising from past events whose existence will be confirmed only by the occurrence of uncertain future events not wholly within the control of the Company. Contingent assets are not recognized in the financial statements but are disclosed when an inflow of economic benefits is probable.

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4- MATERIAL ACCOUNTING POLICES (CONTINUED)

4-18 COMMITMENTS

Commitments represent obligations of the Company to make future payments under contracts, including but not limited to purchase orders, capital expenditure commitments, and operating lease agreements. Commitments are not recognized as liabilities in the statement of financial position but are disclosed in the notes at their contractual amounts, unless they are not material. The Company reviews its commitments regularly and ensures that material contractual obligations are disclosed to provide users of the financial statements with relevant information about future cash outflows.

4-19 CLASSIFICATION OF ASSETS AND LIABILITIES AS CURRENT AND NON-CURRENT

The Company shows assets and liabilities in the statement of financial position as “current/non-current”.

Assets are considered current if:

When it is expected to be realized or intended to be sold or consumed in the normal operating cycle, when it is expected to be realized within twelve months after the reporting period, or when they are cash and cash equivalents unless there are restrictions on their exchange or use to settle any liability for at least twelve months after the reporting period.

All other assets are classified as non-current assets.

Liabilities are considered current if:

When it is expected to be settled in the normal operating cycle. When it is acquired primarily for trading purposes. When payment is due within twelve months after the reporting period, or when there is no unconditional right to defer payment of obligations for a period of not less than twelve months after the reporting period.

All other liabilities are classified as non-current liabilities.

4-20 REVENUE RECOGNITION

Revenue is recognized in accordance with IFRS 15 – Revenue from Contracts with Customers, as endorsed in the Kingdom of Saudi Arabia. Revenue represents the amount of consideration the Company expects to receive in exchange for transferring goods or services to customers.

The Company applies the five-step model under IFRS 15:

1. Identify the contract(s) with the customer - A contract creates enforceable rights and obligations.
2. Identify the performance obligations - Each distinct good or service promised to the customer is accounted for separately.
3. Determine the transaction price - The amount of consideration the Company expects in exchange for fulfilling the performance obligations.
4. Allocate the transaction price - The transaction price is allocated to each performance obligation based on their relative standalone selling prices.
5. Recognize revenue - Revenue is recognized when the Company satisfies a performance obligation by transferring control of goods or services to the customer, such that the customer can use and benefit from them.

Sales of goods

Revenue from the sale of goods is recognized when significant risks and rewards of ownership are transferred to the customer and the amount of revenue can be measured reliably.

For certain export sales, revenue is initially invoiced based on prevailing market prices, with the final selling price determined once the customer receives the goods and confirms the quality. Any difference between the provisional and final invoice is recognized as revenue in the period when the final price is agreed.

Differences between the selling price at the Company’s delivery location and the customer’s delivery location are treated as transportation revenue, with the corresponding transportation costs included in cost of sales.

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4- MATERIAL ACCOUNTING POLICES (CONTINUED)

4-21 EXPENSES

Expenses are recognized as they are incurred and recorded in accordance with the accrual basis of accounting. Expenses are presented in the statement of profit or loss using the function of expense method. Cost of revenues comprises the cost of purchased materials and other direct costs incurred in bringing the goods to their present location and condition. All other expenses are classified as general and administrative expenses.

Common costs that cannot be directly attributed to a specific function are allocated between cost of revenues and general and administrative expenses on a systematic and reasonable basis, consistent with the nature and use of those expenses.

4-22 BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are recognized as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4-23 ZAKAT

The Company provides for zakat in accordance with the regulations of the Zakat, Tax and Customs Authority (ZATCA) in the Kingdom of Saudi Arabia. Zakat is recognized as an expense in the statement of profit or loss in the period to which it relates, with a corresponding liability recognized for amounts payable.

4-24 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the reporting period. The weighted average number of equity shares is adjusted for the effects of bonus issues, share splits and share consolidations, if any, that have occurred during the period, as these events do not change the resources of the Company.

Diluted earnings per share is calculated by dividing the profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the reporting period, adjusted for the effects of all dilutive potential equity shares. Potential equity shares are treated as dilutive when, and only when, their conversion into equity shares would decrease earnings per share or increase loss per share. Potential equity shares that are anti-dilutive are excluded from the calculation of diluted earnings per share.

4-25 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. For non-financial assets, fair value measurement takes into account a market participant's ability to generate economic benefits from the asset's highest and best use or by selling it to another market participant that would utilize the asset in its highest and best use.

The Company applies valuation techniques that are appropriate in the circumstances and for which sufficient data are available, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities measured or disclosed at fair value in the financial statements are categorized within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Inputs that are unobservable for the asset or liability.

For assets and liabilities measured at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization at the end of each reporting period, based on the lowest level input that is significant to the fair value measurement as a whole.

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4- MATERIAL ACCOUNTING POLICES (CONTINUED)

4-26 FOREIGN CURRENCY TRANSACTIONS AND BALANCES

The Company's financial statements are presented in its functional currency. Transactions in foreign currencies are initially recorded by the Company at the spot exchange rate ruling at the date the transaction first qualifies for recognition. At each reporting date, monetary assets and liabilities denominated in foreign currencies are translated using the spot exchange rate at the reporting date, while non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Exchange differences arising on the settlement of monetary items or on the translation of monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognized in profit or loss. The gain or loss arising on the translation of non-monetary items measured at fair value is recognized in line with the recognition of the gain or loss on the change in fair value of the item. Accordingly, exchange differences relating to non-monetary items whose fair value changes are recognized in other comprehensive income are also recognized in other comprehensive income, and exchange differences relating to non-monetary items whose fair value changes are recognized in profit or loss are also recognized in profit or loss.

4-27 SEGMENT REPORTING

An operating segment is a component of the Company that engages in business activities from which revenues are earned and expenses are incurred, including revenues and expenses arising from transactions with other components of the Company. The operating results of each segment are reviewed regularly by the Company's chief operating decision maker (CODM) to make decisions on the allocation of resources and to evaluate the performance of the segment, for which separate financial information is available.

5- NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS STANDARDS

New and revised standards, interpretations and amendments effective during the year

The following new and revised standards, interpretations and amendments are effective in the current year but are either not relevant to the Company or their application does not have any material impact on the financial statements of the Company other than presentation and disclosures, except as stated otherwise.

Lack of Exchangeability (Amendments to IAS 21)

The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.

Amendments to the SASB standards to enhance their international applicability

The amendments remove and replace jurisdiction-specific references and definitions in the SASB standards, without substantially altering industries, topics or metrics.

New and revised standards, interpretations and amendments issued but not effective

The following new and revised standards, interpretations and amendments are effective for annual periods beginning on or after 1 January 2026 and earlier application is permitted; however, the Company has not early adopted them in preparing these financial statements.

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5- NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS STANDARDS (CONTINUED)

IFRS 18 Presentation and Disclosures in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

The standard requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and it also includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, are effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

IFRS 19 specifies the disclosure requirements an eligible subsidiary is permitted to apply instead of the disclosure requirements in other IFRS Accounting Standards.

Amendments IFRS 9 and IFRS 7 regarding the classification and measurement of financial instruments

The amendments address matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9 Financial Instruments.

Annual Improvements to IFRS Accounting Standards - Volume 11

The pronouncement comprises the following amendments:

- IFRS 1: Hedge accounting by a first-time adopter
- IFRS 7: Gain or loss on derecognition
- IFRS 7: Disclosure of deferred difference between fair value and transaction price
- IFRS 7: Introduction and credit risk disclosures
- IFRS 9: Lessee derecognition of lease liabilities
- IFRS 9: Transaction price
- IFRS 10: Determination of a 'de facto agent'
- IAS 7: Cost method

New and revised standards, interpretations and amendments issued but not effective (Continued)

Amendments to IFRS 9 and IFRS 7 regarding power purchase arrangements

The amendments aim at enabling entities to include information in their financial statements that in the IASB's view more faithfully represents contracts referencing nature-dependent electricity.

Amendments to IFRS 19 Subsidiaries without Public Accountability: Disclosures

The amendments cover new or amended IFRS Accounting Standards issued between 28 February 2021 and 1 May 2024 that were not considered when IFRS 19 was first issued.

Translation to a Hyperinflationary Presentation Currency (Amendments to IAS 21)

The amendments clarify how companies should translate financial statements from a non-hyperinflationary currency into a hyperinflationary one.

Amendments to Greenhouse Gas Emissions Disclosures (Amendments to IFRS S2)

The amendments to IFRS S2 aim at supporting entities applying IFRS S2 by reducing the complexity, risk of potential duplication of reporting and related costs of applying specific requirements in IFRS S2.

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6- PROPERTY, PLANT AND EQUIPMENT

	Land*	Buildings	Leasehold improvement	Equipment	Container and ready house	Computers and printers	Vehicles	Furniture and fixtures	Machines	Capital work in progress**	Total
Cost											
As of 1 January 2024	27,127,361	-	6,455,750	9,726,893	168,950	315,002	2,524,599	498,916	29,721,502	51,942,576	128,481,549
Additions	-	474,870	276,177	3,245,410	-	227,912	1,411,020	135,160	2,322,435	40,319,115	48,412,099
Disposals	-	-	-	-	-	(4,140)	(55,990)	-	-	-	(60,130)
Transfers	-	49,075,049	-	9,792,995	-	3,600	3,483,902	-	28,812,030	(91,167,576)	-
As of 31 December 2024	27,127,361	49,549,919	6,731,927	22,765,298	168,950	542,374	7,363,531	634,076	60,855,967	1,094,115	176,833,518
As of 1 January 2025	27,127,361	49,549,919	6,731,927	22,765,298	168,950	542,374	7,363,531	634,076	60,855,967	1,094,115	176,833,518
Additions	-	20,183,034	63,861	8,192,433	95,000	242,855	880,663	99,109	995,578	59,023,279	89,775,812
Disposals	-	-	-	-	-	-	(848,717)	-	-	-	(848,717)
Transfers	-	709,701	1,706,022	434,820	-	-	5,634,500	-	12,706,240	(21,191,283)	-
As of 31 December 2025	27,127,361	70,442,654	8,501,810	31,392,551	263,950	785,229	13,029,977	733,185	74,557,785	38,926,111	265,760,613
Accumulated depreciation											
As of 1 January 2024	-	-	1,950,639	3,159,322	70,021	217,342	678,621	311,761	7,809,926	-	14,197,632
Depreciation for the year	-	985,284	638,002	1,504,775	16,895	72,401	544,020	100,293	3,532,653	-	7,394,323
Disposals	-	-	-	-	-	(2,931)	(48,400)	-	-	-	(51,331)
As of 31 December 2024	-	985,284	2,588,641	4,664,097	86,916	286,812	1,174,241	412,054	11,342,579	-	21,540,624
As of 1 January 2025	-	985,284	2,588,641	4,664,097	86,916	286,812	1,174,241	412,054	11,342,579	-	21,540,624
Depreciation for the year	-	2,303,866	694,683	2,481,142	17,422	127,507	1,455,108	123,358	4,910,191	-	12,113,277
Disposals	-	-	-	-	-	-	(35,876)	-	-	-	(35,876)
As of 31 December 2025	-	3,289,150	3,283,324	7,145,239	104,338	414,319	2,593,473	535,412	16,252,770	-	33,618,025
Net book value											
As of 31 December 2024	27,127,361	48,564,635	4,143,286	18,101,201	82,034	255,562	6,189,290	222,022	49,513,388	1,094,115	155,292,894
As of 31 December 2025	27,127,361	67,153,504	5,218,486	24,247,312	159,612	370,910	10,436,504	197,773	58,305,015	38,926,111	232,142,588

* The land as of 31 December 2025 with a net book value of ₪ 25,257,532 (2024: ₪ 25,257,532) is pledged as security against banks borrowing (note 18).

** Capital work in progress as at 31 December 2025 represents costs incurred on ongoing capital projects, primarily relating to plant expansion, installation of machinery and equipment, infrastructure works, and vehicles. These projects are at various stages of development and are expected to be capitalized upon completion, with most projects expected to be completed during the year ending 31 December 2026. The amount of borrowing costs capitalized during the year ended 31 December 2025, amounts to ₪ 354,407 (2024: ₪ 757,183).

The value of property, plant and equipment that were fully depreciated but still in use as of 31 December 2025 amounted to ₪ 3,001,011 (2024: ₪ 1,931,228).

The following table presents the allocation of depreciation expense by nature:

	31 December 2025	31 December 2024
Cost of revenue (note 24)	11,808,527	7,303,107
General and administrative expenses (note 25)	304,750	91,216
	12,113,277	7,394,323

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7- RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Company has lease contracts for various properties and items of equipment. Leases of property generally have lease terms ranging from 1.5 to 5 years, while leases of equipment generally have lease terms of approximately 3 years.

The Company also has certain property leases with lease terms of 12 months or less. The Company applies the short-term lease recognition exemption to these leases.

Set out below are the carrying amounts of right-of-use assets recognized and the movements during the year:

Right of Use Assets

	<u>2025</u>	<u>2024</u>
Cost		
As of 1 January	9,086,045	6,917,241
Additions	-	2,168,804
Disposals*	(1,826,760)	-
As of 31 December	<u>7,259,285</u>	<u>9,086,045</u>
Accumulated depreciation		
As of 1 January	4,098,313	2,704,175
Depreciation for the year	1,291,894	1,394,138
Disposals*	(1,826,760)	-
As of 31 December	<u>3,563,447</u>	<u>4,098,313</u>
Net book value as of 31 December	<u>3,695,838</u>	<u>4,987,732</u>

* Represents the derecognition of right-of-use assets and the related accumulated depreciation upon expiry of lease contracts during the year.

Set out below are the carrying amounts of lease liabilities and the movements during the year:

Lease Liabilities

	<u>2025</u>	<u>2024</u>
As of 1 January	3,790,241	3,188,184
Additions	-	2,168,804
Interest expense on lease liabilities (note 27)	244,273	262,748
Payments	(1,703,080)	(1,829,495)
As of 31 December	<u>2,331,434</u>	<u>3,790,241</u>

The break-up of lease liabilities is as follows:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Non-current portion of lease liabilities	1,417,219	2,331,436
Current portion of lease liabilities	914,215	1,458,805
	<u>2,331,434</u>	<u>3,790,241</u>

The following table presents the allocation of depreciation expense by nature:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Cost of revenue (note 24)	1,117,299	1,233,327
General and administrative expenses (note 25)	174,595	160,811
	<u>1,291,894</u>	<u>1,394,138</u>

The lease agreement which gives a renewal option to the Company, the Company, by applying its judgment and considering its investment in the leased properties, estimated a lease term of up to 15 years.

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8- INVENTORIES

	<u>31 December 2025</u>	<u>31 December 2024</u>
Raw materials	193,750,416	131,991,677
Finished goods	11,460,777	29,128,525
Spare parts	2,366,101	2,289,653
	<u>207,577,294</u>	<u>163,409,855</u>

9- TRADE RECEIVABLES

	<u>31 December 2025</u>	<u>31 December 2024</u>
Trade receivables*	236,250,331	54,057,721
Provision for expected credit losses	(3,453,266)	(2,235,209)
	<u>232,797,065</u>	<u>51,822,512</u>

* A significant portion of the Company's trade receivables balance relates to one customer, representing approximately 48% of the total balance as at 31 December 2025 (2024: five customers, representing approximately 60%).

Set out below is the movement in the provision for expected credit losses of trade receivables:

	<u>2025</u>	<u>2024</u>
As of 1 January	2,235,209	931,537
Provision for expected credit losses	2,409,107	1,388,366
Written-off	(1,191,050)	(84,694)
As of 31 December	<u>3,453,266</u>	<u>2,235,209</u>

10- PREPAYMENTS AND OTHER RECEIVABLES

	<u>31 December 2025</u>	<u>31 December 2024</u>
Value added tax recoverable	24,082,294	6,757,240
Advances to suppliers	12,098,399	18,506,932
Prepaid expenses	4,942,872	1,249,968
Refundable deposits	970,575	1,217,622
Advances to employees	208,539	54,585
Other receivables, net of provision (note 26)	225	1,000,000
	<u>42,302,904</u>	<u>28,786,347</u>

11- CASH AND CASH EQUIVALENTS

	<u>31 December 2025</u>	<u>31 December 2024</u>
Cash at banks	16,761,871	16,299,727
Cash on hand	435,631	193,496
	<u>17,197,502</u>	<u>16,493,223</u>

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12- SHARE CAPITAL

On 17 Jumada Al-Akhira 1446H (corresponding to 18 December 2024), the Extraordinary General Assembly approved the Board of Directors' recommendation to increase the Company's share capital by 100% through the issuance of bonus shares, granting one bonus share for each share held. As a result, the Company's share capital increased to ﷲ 116,160,000, with a nominal value of ﷲ 1 per share. The increase was fully funded from retained earnings.

On 12 Jumada Al-Awwal 1447H (corresponding to 3 November 2025), the Extraordinary General Assembly approved a further 100% increase in share capital through the issuance of bonus shares, granting one bonus share for each share held. This increased the Company's share capital to ﷲ 232,320,000, with a nominal value of ﷲ 1 per share. The 2025 capital increase was funded by capitalizing ﷲ 67,838,889 from the share premium reserve, ﷲ 47,743,261 from retained earnings, and ﷲ 577,850 from the statutory reserve. Bonus shares in respect of treasury shares held by the Company amounting to ﷲ 2,242,000 (2024 : ﷲ 2,000,000) were credit to treasury shares (note 14.1).

	<u>2025</u>	<u>2024</u>
	No. of shares	No. of shares
As of 1 January	116,160,000	58,080,000
Issuance of bonus shares	116,160,000	58,080,000
As of 31 December	<u>232,320,000</u>	<u>116,160,000</u>

13- SHARE PREMIUM

On 20 September 2021, the Company issued 1,308,000 shares at ﷲ 65 per share as part of its capital increase. Each share had a nominal value of ﷲ 10, resulting in a share premium of ﷲ 67,838,889, net of issuance-related expenses. During the year 2025, the share premium reserve of ﷲ 67,838,889 was fully utilized to fund the issuance of bonus shares (note 12).

14- TREASURY SHARES

	<u>2025</u>	<u>2024</u>
As of 1 January	4,000,000	2,000,000
Issuance of bonus shares (14.1)	2,242,000	2,000,000
Share based payment transactions (14.3)	(355,139)	-
Transfer on allocation of treasury shares to employees (14.3)	(1,402,861)	-
As of 31 December	<u>4,484,000</u>	<u>4,000,000</u>

14.1 The number of treasury shares held by the Company increased to 2.242 million ordinary shares during 2025 as a result of the issuance of bonus shares (2024: 2.0 million ordinary shares) note 12.

14.2 Pursuant to a resolution of the Extraordinary General Assembly held on 1 Muharram 1447H (corresponding to 26 June 2025), the shareholders approved an extension of the maximum period during which the Company may retain its treasury shares. This extension relates to the treasury shares previously approved by the Extraordinary General Assembly on 13 Safar 1443H (corresponding to 20 September 2021), amounting to 2 million shares prior to the issuance of bonus shares and 4 million shares following the issuance of bonus shares. The retention period was extended for an additional four years commencing from the date of approval by the Extraordinary General Assembly. Upon expiry of this period, the Company will comply with the procedures and requirements prescribed under the applicable laws and regulations.

14.3 During the year, the Company settled share-based payment awards by delivering 1,758,000 treasury shares to employees under the approved share-based payment plan, out of a total allocation of 2,000,000 shares. An amount of ﷲ 355,139 previously recognized in the share-based payment reserve was transferred within equity upon settlement. The remaining amount of ﷲ 1,402,861, representing the excess of the carrying amount of the treasury shares over the amount recognized in the share-based payment reserve, was adjusted directly against retained earnings. No gain or loss was recognized in the statement of profit or loss.

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15- STATUTORY RESERVE

As at the reporting date, the total statutory reserve balance amounted to ﷲ 9,462,174 (2024: ﷲ 10,040,024). During the year, ﷲ 577,850 from the statutory reserve was utilized to fund the issuance of bonus shares pursuant to a General Assembly resolution (note 12). The remaining balance has not been the subject of any resolution by the shareholders regarding its appropriation or utilization.

16- GENERAL RESERVE

Pursuant to the resolution of the Ordinary General Assembly held on 1 Muharram 1447H (corresponding to 26 June 2025), the shareholders approved the formation of reserves from the net profits to an extent that serves the Company's interest or ensures a stable distribution of profits to shareholders. The Ordinary General Assembly may also decide to deduct amounts from the net profits to achieve social purposes for the Company's employees.

The Ordinary General Assembly determines the percentage of net profits to be distributed to shareholders after deducting any reserves, if found necessary. During the year, the Company made certain transfers from retained earnings to general reserve in its interim condensed financial statements for the Period ended 30 June 2025 and 30 September 2025 which were subsequently reversed as approval from the Company's General Assembly is required for any transfer to general reserve as per the By-Laws of the Company.

17- SHARE BASED PAYMENT RESERVE

The share-based payment reserve represents the cumulative expense recognized in equity in respect of equity-settled share-based payment arrangements.

During the year, a portion of the reserve related to vested awards was transferred within equity upon settlement of the share-based payment arrangements through the delivery of treasury shares to employees. Any difference between the carrying amount of the treasury shares delivered and the amount recognized in the share-based payment reserve was adjusted directly against retained earnings (note 14.3).

No gain or loss was recognized in the statement of profit or loss in respect of these transactions. The balance of the share-based payment reserve represents unvested awards outstanding as at the reporting date.

During the year, the Board of Directors approved a new share-based payment program viz. "Taqdeer" Program 2 for the years from 2025 to 2029. The program is linked to the Company's financial performance and provides for the grant of up to 2,500,000 share options, of which 2,000,000 options are conditional on achieving target performance levels, and 500,000 options are conditional on exceeding 100% of targets.

The program is subject to approval by the General Assembly, and the shares underlying the options will be issued in the future only upon such approval and upon satisfaction of the performance conditions. No options have been granted under the program as at the reporting date.

18- LOANS AND BORROWINGS

Long-term borrowings

	<u>31 December 2025</u>	<u>31 December 2024</u>
Loans from local commercial banks (1)	82,042,173	25,514,633
Loans from Saudi Industrial Development Fund (2)	23,968,948	1,428,423
Loan from a Finance Company (3)	6,807,662	10,726,705
	<u>112,818,783</u>	<u>37,669,761</u>
The break-up of long-term borrowings is as follows:		
Non-current portion of long-term borrowings	98,566,609	26,744,986
Current portion of long-term borrowings	14,252,174	10,924,775
	<u>112,818,783</u>	<u>37,669,761</u>

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18- LOANS AND BORROWINGS (CONTINUED)

Set out below are the carrying amounts of long-term borrowings and the movements during the year:

	2025			2024		
	Borrowings	Grant	Total	Borrowings	Grant	Total
As of 1 January	37,669,761	-	37,669,761	30,229,570	-	30,229,570
Proceeds during the year	113,599,289	3,098,720	116,698,009	24,285,714	-	24,285,714
Interest expense (note 27)	4,724,049	(156,515)	4,567,534	2,447,318	-	2,447,318
Repayments during the year	(46,116,521)	-	(46,116,521)	(19,292,841)	-	(19,292,841)
As of 31 December	109,876,578	2,942,205	112,818,783	37,669,761	-	37,669,761

Short-term borrowings

	31 December 2025	31 December 2024
Loans from local commercial banks (1)	157,150,447	78,523,633
Loans from Saudi Export and Import Bank (4)	74,202,867	49,180,511
	231,353,314	127,704,144

Set out below are the carrying amounts of short-term borrowings and the movements during the year:

	2025	2024
As of 1 January	127,704,144	64,462,420
Proceeds during the year	393,481,123	214,911,700
Interest expense (note 27)	11,541,233	5,662,093
Repayments during the year	(301,373,186)	(157,332,069)
As of 31 December	231,353,314	127,704,144

1. Loans from local commercial banks information is as follows:

- The Company entered into an agreement to obtain Islamic facilities from local commercial bank during years 2022, 2023 and 2024 in the total amount of 120 million of which ₪ 100.5 million were utilized at a predetermined profit rate from those facilities to finance the capital expenditures and working capital. As a guarantee for the financing, a promissory note and a pledge of land as security has been provided (see note 6).
- On January 15, 2025, the Company entered into a Sharia-compliant credit facility agreement with a local commercial bank, with a total credit limit of ₪ 170 million. These facilities include a ₪ 90 million as bridge financing for the loan to be obtained from Saudi Industrial Development Fund (SIDF) to be available after signing the facilities agreement with the SIDF and ₪ 45 million as a bank guarantee in favor of SIDF.
- As at the financial statements' approval date, the bridge financing amount of ₪ 60 million has been drawn down. Also, ₪ 34.5 million of the total credit limit has been utilized at a pre-agreed profit rate to finance working capital requirements. The Company has provided a promissory note covering the full value of the manufacturing facilities as collateral for this financing.
- On June 16, 2025, the Company entered into a Sharia-compliant credit facility agreement with a local commercial bank, with a total credit limit of ₪ 40 million, where ₪ 39.9 million were utilized at a predetermined profit rate from those facilities to finance the working capital. The Company has provided a promissory note covering the full value of the facilities as collateral for this financing.

2. Loans from Saudi Industrial Development Fund (SIDF):

- On 18 November 2025, the Company received the first tranche of a loan from the Saudi Industrial Development Fund (SIDF) amounting to SAR 23.9 million, out of an approved total facility of ₪ 90 million. The proceeds were used to settle the bridge financing previously obtained from local commercial bank, after deducting the loan processing charges paid to SIDF. The facility allows for further drawdowns, with the drawdown availability period ending on 31 August 2026.

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18- LOANS AND BORROWINGS (CONTINUED)

3. The Company entered into an agreement with a finance Company in 2022 and 2023 to obtain financing facilities amounting to ﷻ 16 million at an agreed-upon Murabaha rate to fund capital expenditures.
4. The Company entered into a Murabaha financing agreement with the Saudi Export-Import Bank in 2023 to support its working capital requirements, with an initial facility limit of ﷻ 36 million. Subsequently, on November 3, 2024, the Company signed new agreement to increase the facility limit to ﷻ 50 million. On October 9, 2025, the facility was renewed and the total credit limit was further increased to ﷻ 75 million. As a guarantee for the financing, a promissory note equivalent to the agreement's value has been provided.

All working capital financing is revolving in nature, with a maturity of less than 12 months, whereas capital expenditure financing has a maturity of 3 to 7 years. All financing is secured by either promissory notes or land as collateral.

The agreements include covenants that require, among other conditions, the maintenance of specific financial ratios, a designated level of capital expenditures, and other obligations. As at 31 December 2025, the Company was compliant with these covenants.

19- EMPLOYEES' BENEFITS OBLIGATIONS

The Company has an end-of-service reward system for all its employees ("members"). This system entitles its members to a total amount depending on the employee's length of service and his salary at the time of retirement, resignation, or death. This system is not funded as there are no funds accumulated (either from contributions by the employer and/or employees) in return for fulfilling the Company's obligations in accordance with this system. This system is managed in accordance with the work system in force in the Kingdom of Saudi Arabia.

The liability recognized in the statement of financial position relating to the defined benefit end-of-service benefit program is the present value of the defined benefit obligation at the end of the reporting period. The present value of the defined benefit obligation is calculated annually by an actuarial expert using the projected unit credit method.

The following table summarizes the components of the net benefit expenses recognized in the income statement and the amounts recognized in the statement of financial position for employee benefits for this scheme:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Value of commitment in financial position	3,002,719	2,093,309
Current service and interest cost recognized in income statement	572,148	514,196
	<u>2025</u>	<u>2024</u>
As of 1 January	2,093,309	1,598,753
Included in profit or loss:		
Current service cost	457,016	441,453
Interest cost	115,132	72,743
	572,148	514,196
Actuarial re-measurement loss	346,484	102,340
Payments	(9,222)	(121,980)
As of 31 December	3,002,719	2,093,309

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19- EMPLOYEES' BENEFITS OBLIGATIONS (CONTINUED)

Principal actuarial assumptions used were as follows:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Discount rate	5.25%	5.50%
Salary increase rate	3.25%	3.25%

The sensitivity of the defined benefit obligation to changes in the weighted average of the key assumptions is:

		<u>31 December 2025</u>	<u>31 December 2024</u>
Discount rate	+1%	2,794,031	1,951,125
	-1%	3,246,868	2,258,617
Salary increase rate	+1%	3,249,406	2,260,759
	-1%	2,788,375	1,946,936

Distribution of timing of benefit payments (time in years)

	<u>31 December 2025</u>	<u>31 December 2024</u>
Year 1	309,077	227,554
Year 2	578,062	132,355
Year 3	559,658	254,594
Year 4	173,652	664,254
Year 5	137,158	111,678
Year 6 & Above	3,154,281	2,075,864

20- TRADE PAYABLES

	<u>31 December 2025</u>	<u>31 December 2024</u>
Local suppliers	70,700,529	1,888,643
Foreign suppliers	562,499	50,011
	<u>71,263,028</u>	<u>1,938,654</u>

21- ACCRUED EXPENSES AND OTHER LIABILITIES

	<u>31 December 2025</u>	<u>31 December 2024</u>
Employee-related accruals	4,761,348	3,588,379
Key management personnel and directors' remuneration	2,875,456	-
Manpower costs payable	1,452,854	1,074,646
Shipment charges payable	972,319	304,910
Advances from customers	402,298	171,125
Other	1,379,076	1,225,766
	<u>11,843,351</u>	<u>6,364,826</u>

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22- ZAKAT PROVISION

The Company submits its Zakat returns to the Zakat, Tax and Customs Authority (ZATCA). Zakat is due at the rate of 2.5% of the approximate zakat base or adjusted net profit, whichever is higher.

The movement of the Zakat provision during the year is as follows:

	<u>2025</u>	<u>2024</u>
As of 1 January	3,045,428	2,319,715
Expense for the year	4,367,700	2,872,565
Reversal of excessive provision from prior periods	(59,303)	-
Payments	(2,986,125)	(2,146,852)
As of 31 December	<u>4,367,700</u>	<u>3,045,428</u>

The Company has filed Zakat return for all the years up to 2024 to the Tax and Custom Authority (the "ZATCA") and obtained the zakat certificate during the year 2025. As of the reporting date, there are no open Zakat assessments. The Company has also received Zakat assessments from ZATCA and has settled its position with the Authority for all years up to 2023.

The Zakat expense charged during the year is calculated as follow:

	<u>2025</u>	<u>2024</u>
Profit for the year	65,201,543	39,037,123
Adjustments	(4,308,397)	(2,872,565)
Adjusted net profit	60,893,146	36,164,558
Additions	407,647,357	273,705,578
Deductions	(238,204,527)	(162,570,280)
Net Zakat base	169,442,830	111,135,298
Due Zakat	<u>4,367,700</u>	<u>2,872,565</u>

23- REVENUE

	<u>31 December 2025</u>	<u>31 December 2024</u>
Export sales	875,584,104	505,972,814
Local sales	361,631,382	300,072,954
	<u>1,237,215,486</u>	<u>806,045,768</u>

Revenue is recognized at a point in time, which is the moment control (risk and reward) of the products is transferred to the customers.

Revenues by Geographical Markets

	<u>31 December 2025</u>	<u>31 December 2024</u>
Asia	720,473,579	388,239,141
Middle East	414,472,248	357,228,995
Europe	70,571,107	15,251,149
East Asia / Japan	29,215,152	45,326,483
North America	2,483,400	-
	<u>1,237,215,486</u>	<u>806,045,768</u>

A significant portion of the Company's revenue is derived from a single foreign customer, representing approximately 15% of total revenue for the year ended 31 December 2025 (2024: one local customer, representing approximately 16%).

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

(ALL AMOUNTS EXPRESSED IN SAUDI RIYALS UNLESS OTHERWISE STATED)

24- COST OF REVENUE

	<u>31 December 2025</u>	<u>31 December 2024</u>
Cost of goods sold	1,017,013,792	670,171,165
Production cost	90,232,820	59,332,603
Depreciation of property, plant and equipment (note 6)	11,808,527	7,303,107
Repair and maintenance	7,996,337	3,064,186
Spare parts consumed	5,868,709	4,045,484
Insurance cost	1,879,061	833,103
Depreciation of right-of-use assets (note 7)	1,117,299	1,233,327
Other	2,503,624	1,891,616
	<u>1,138,420,169</u>	<u>747,874,591</u>

25- GENERAL AND ADMINISTRATIVE EXPENSES

	<u>31 December 2025</u>	<u>31 December 2024</u>
Salaries, wages and other benefits	10,897,259	6,987,312
Professional consulting fee*	3,436,656	2,627,850
Office expenses	359,953	324,809
Depreciation of property, plant and equipment (note 6)	304,750	91,216
Government expenses	265,560	177,445
Depreciation of right-of-use assets (note 7)	174,595	160,811
Other	927,843	590,757
	<u>16,366,616</u>	<u>10,960,200</u>

* Professional and consulting fees include the audit fee of ﷲ 445,000 (2024: ﷲ 395,000) for the annual audit and review fee of ﷲ 214,000 (2024: ﷲ 55,000) for the quarterly review services.

26- OTHER INCOME / (EXPENSE) - NET

	<u>31 December 2025</u>	<u>31 December 2024</u>
Customs duty refund / incentive	4,708,531	1,179,542
Foreign exchange loss	(899,376)	(80,728)
Other*	(881,549)	161,482
	<u>2,927,606</u>	<u>1,260,296</u>

* The amount includes ﷲ 1,000,000, representing the provision recognized against other receivables.

27- FINANCE COST

	<u>31 December 2025</u>	<u>31 December 2024</u>
Interest expense on short-term borrowings (note 18)	11,541,233	5,662,093
Interest expense on long-term borrowings (note 18)	4,213,127	1,690,135
Amortization of financing-related fees	1,125,673	280,354
Bank charges and commissions	506,219	77,711
Interest expense on lease liabilities (note 7)	244,273	262,748
Interest expense on Employees' benefit obligations (note 19)	115,132	72,743
	<u>17,745,657</u>	<u>8,045,784</u>

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28- EARNING PER SHARE

Basic earnings per share is calculated by dividing the annual profit attributable to shareholders by the weighted average number of common shares outstanding during the period.

	<u>31 December 2025</u>	<u>31 December 2024</u>
Profit for the year	60,893,146	36,164,558
Number of shares:		
Weighted average number of shares for purposes of calculating basic earnings per share (share)	225,420,088	224,320,000
Weighted average number of shares for purposes of calculating diluted earnings per share (share)	225,904,088	228,320,000
Earnings per share:		
Basic	0.270	0.161
Diluted	0.270	0.158

The weighted average number of shares has been retrospectively adjusted for comparative periods to reflect the impact of bonus shares issued subsequently.

29- TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties of the Company comprise of key management personnel and affiliates where shareholders have control or significant influence. The Company and its related parties transact with each other in the ordinary course of business. The transactions with related parties are made on terms approved by the management of the Company. The movement on this account is as follows:

Transactions with related parties

<u>Party Name</u>	<u>Nature</u>	<u>Relationship</u>	<u>31 December 2025</u>	<u>31 December 2024</u>
Al Nafea Building Materials Factory Company	Purchases	Related to one of the directors of the Board	-	128,554
Mqayes Al-Deqah Factory for equipment	Purchases	Related to one of the directors of the Board	-	16,301
			<u>-</u>	<u>144,855</u>

Balance with related parties

As at 31 December 2025, there were no outstanding balances with related parties (31 December 2024: Nil).

Remuneration of Key Management Personnel and Board of Directors

	<u>31 December 2025</u>	<u>31 December 2024</u>
Senior management salaries and allowances	4,347,842	1,824,699
Board of Directors' rewards and allowances	1,914,664	866,616
	<u>6,262,506</u>	<u>2,691,315</u>

As of 31 December 2025, an outstanding balance of ٢ 2,875,456 (31 December 2024: Nil) is payable to key management personnel and Board of Directors relating to remuneration. This balance is included in accrued expenses and other liabilities in the statement of financial position.

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30- CONTINGENCIES AND COMMITMENTS

Contingencies:

As at 31 December 2025, the Company had outstanding letters of guarantee issued by a local commercial bank in the normal course of business amounting to ﷲ 47,861,864 (31 December 2024: ﷲ 766,666).

Commitments

As of 31 December 2025, the Company has short-term lease commitments amounting to ﷲ 101,172.

31- SEGMENT INFORMATION

The Company operates in a single operating segment, which includes the export, wholesale, and retail trade of scrap, aluminum, copper, plastic, electrical and electronic appliances, spare parts, tires, glass, and various types of iron, as well as related sorting, storage, and distribution activities.

This classification is based on the internal reports reviewed regularly by the Chief Operating Decision Maker (CODM) to make strategic decisions and assess performance.

As the Company's operations are integrated and managed as a single business unit, no separate segment financial information is reported internally. Accordingly, the Company has determined that it has only one reportable operating segment.

Revenue and profit for this operating segment are consistent with the revenue and net profit presented in the financial statements.

There have been no changes in the basis of segmentation or the measurement of segment results compared to the annual financial statements for the year ended 31 December 2024.

32- FAIR VALUE AND FINANCIAL INSTRUMENT RISKS MANAGEMENT

32-1 Financial instrument fair value measurement

The table below shows book values and fair values of financial assets and liabilities including their levels in the fair value hierarchy. Fair value of financial assets and liabilities carried at amortized costs approximate its fair value mainly.

	31 December 2025				
	Book value		Fair value		
	Fair value	Amortized cost	Level 1	Level 2	Level 3
Financial assets at amortized cost					
Trade receivables	-	232,797,065	-	-	-
Cash and cash equivalents	-	17,197,502	-	-	-
Total financial assets	-	249,994,567	-	-	-
Financial liabilities at amortized cost					
Long-term borrowings	-	112,818,783	-	-	-
Lease liabilities	-	2,331,434	-	-	-
Trade payables	-	71,263,028	-	-	-
Accrued expenses and other liabilities	-	11,843,351	-	-	-
Short-term borrowings	-	231,353,314	-	-	-
Total financial liabilities	-	429,609,910	-	-	-

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32- FAIR VALUE AND FINANCIAL INSTRUMENT RISKS MANAGEMENT (CONTINUED)**32-1 Financial instrument fair value measurement (Continued)**

	31 December 2024				
	Book value		Fair value		
	Fair value	Amortized cost	Level 1	Level 2	Level 3
Financial assets at amortized cost					
Trade receivables	-	51,822,512	-	-	-
Cash and cash equivalents	-	16,493,223	-	-	-
Total financial assets	-	68,315,735	-	-	-
Financial liabilities at amortized cost					
Long-term borrowings	-	37,669,761	-	-	-
Lease liabilities	-	3,790,241	-	-	-
Trade payables	-	1,938,654	-	-	-
Accrued expenses and other liabilities	-	6,364,826	-	-	-
Short-term borrowings	-	127,704,144	-	-	-
Total financial liabilities	-	177,467,626	-	-	-

32-2 Financial instruments risks management

The Company is exposed to credit risk, liquidity risk and market risk (including foreign exchange risk and interest rate risk). The Company's overall risk management framework seeks to minimize potential adverse effects on its financial performance.

Credit risks

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk through its trade receivables and cash balances. The carrying amount of the financial assets represents the maximum exposure to credit risk.

The Company manages credit risk related to trade receivables by setting credit limits for each customer and monitoring outstanding balances. The Company evaluates the expected credit loss on trade receivables under IFRS 9 by considering customer creditworthiness, historical collection patterns, and economic conditions. Aging of receivables is closely monitored to prevent the Company from incurring material bad debts.

Cash balances are placed with banks and financial institutions that have high credit ratings, minimizing the risk of default. The Company does not retain guarantees or collateral to mitigate credit risk associated with these financial instruments.

Assessing the expected credit losses of the trade receivables:

Management performs an impairment analysis at each reporting date using a matrix-based approach for calculating the expected credit losses (ECL) provision. The loss rate for each segment is determined based on historical loss data, grouped by days past due and customer segments with similar loss patterns. These loss rates are regularly reviewed and adjusted to reflect both historical credit loss experience and forward-looking information relevant to the credit risk of the receivables.

The table below presents information on the exposure to credit risk and the calculated expected credit losses for trade receivables from customers:

As of 31 December 2025	Not yet due	Less than 90 days	91-180 days	181-270 days	271-360 days	More than 360 days	Total
Loss rate	-	0.55%	5.29%	22.94%	83.90%	100%	1.46%
Exposure	2,478,324	229,224,321	1,645,112	790,457	1,157,861	954,256	236,250,331
Expected loss	-	1,259,110	87,073	181,340	971,487	954,256	3,453,266

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32- FAIR VALUE AND FINANCIAL INSTRUMENT RISKS MANAGEMENT (CONTINUED)**3.2 Financial instruments risks management (Continued)****Credit risks (Continued)****Assessing the expected credit losses of the trade receivables (Continued):**

As of 31 December 2024	Not yet due	Less than 90 days	91-180 days	181-270 days	271-360 days	More than 360 days	Total
Loss rate	-	0.37%	4.38%	20.37%	85.44%	100%	4.13%
Exposure	-	46,645,819	4,942,840	778,540	30,373	1,660,149	54,057,721
Expected loss	-	173,873	216,671	158,565	25,951	1,660,149	2,235,209

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk may arise from the inability to generate sufficient cash flows or access funding sources to meet such commitments when they fall due.

The table below presents the contractual maturities of the Company's financial liabilities at the end of the reporting period, showing the undiscounted cash flows required to settle these liabilities:

	2025			
	Carrying amount	Total	One year or less	One to five years
Long-term borrowings	112,818,783	123,792,961	21,454,686	102,338,275
Lease liabilities	2,331,434	2,604,917	1,003,394	1,601,523
Trade payables	71,263,028	71,263,028	71,263,028	-
Accrued expenses and other liabilities	11,843,351	11,843,351	11,843,351	-
Short-term borrowings	231,353,314	235,044,014	235,044,014	-
	429,609,910	444,548,271	340,608,473	103,939,798
	2024			
	Carrying amount	Total	One year or less	One to five years
Long-term borrowings	37,669,761	43,704,199	12,419,353	31,284,846
Lease liabilities	3,790,241	4,306,662	1,703,079	2,603,583
Trade payables	1,938,654	1,938,654	1,938,654	-
Accrued expenses and other liabilities	6,364,826	6,364,826	6,364,826	-
Short-term borrowings	127,704,144	130,106,488	130,106,488	-
	177,467,626	186,420,829	152,532,400	33,888,429

Market price risks

Market price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market prices, such as interest rates, foreign exchange rates. These fluctuations can impact the Company's profit or the value of its financial assets and liabilities.

The objective of market risk management is to mitigate exposure to market risks, ensuring that such exposure remains within acceptable limits, while striving to optimize the return for shareholders. The Company monitors and manages its exposure to market risks through a combination of risk identification, hedging strategies, and sensitivity analyses to understand the impact of potential market price changes.

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32- FAIR VALUE AND FINANCIAL INSTRUMENT RISKS MANAGEMENT (CONTINUED)**33-2 Financial instruments risks management (Continued)****Currency risks**

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates, which can affect the Company's financial position or performance. Currency risk arises from financial assets and liabilities that are denominated in currencies other than the Company's functional currency.

The Company's exposure to currency risk related to the USD is minimal, as the exchange rate between the Saudi Riyal (ﷻ) and the USD is pegged, thereby limiting fluctuations. Management periodically monitors the Euro exchange rate to assess potential currency risks and takes necessary steps to mitigate any adverse impact on the Company's financial performance.

Currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in US Dollars (USD) and Euro (EUR) exchange rates, with all other variables held constant. The impact on the Company's profit before zakat is due to changes in the fair value of monetary assets and liabilities.

The Company's exposure to foreign currency changes for all other currencies is not material.

	<u>Change in USD rate</u>	<u>Effect on profit before zakat</u>
		ﷻ
2025	+5%	10,682,838
	-5%	(10,682,838)
2024	+5%	1,965,919
	-5%	(1,965,919)
	<u>Change in EUR rate</u>	<u>Effect on profit before zakat</u>
		ﷻ
2025	+5%	20,867
	-5%	(20,867)
2024	+5%	14,466
	-5%	(14,466)

Interest rate risks

Interest rate risk arises from fluctuations in the fair value or future cash flows of a financial instrument due to changes in market interest rates. The Company is exposed to interest rate risk through its financial liabilities that bear variable interest rates.

As of 31 December 2025, the Company's financial liabilities with variable interest rates amounted to ﷻ 234,906,295 (31 December 2024: ﷻ 101,784,154). The Company periodically reviews its exposure to interest rate risk.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before zakat is affected through the impact on floating rate borrowings, as follows:

	<u>Increase/decrease in in basis points</u>	<u>Effect on profit before zakat</u>
2025	+100	(1,140,986)
	-100	1,140,986
2024	+100	(390,710)
	-100	390,710

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33- CAPITAL MANAGEMENT

For the purposes of the Company's capital management, capital includes issued share capital, share premium, retained earnings and other reserves attributable to the shareholders of the Company, less treasury shares.

The Company's primary objective in managing capital is to ensure that it maintains a strong capital base in order to support its business operations, maintain investor, creditor and market confidence, and maximize shareholder value.

The Company manages its capital structure and makes adjustments to it in response to changes in economic conditions and the risk characteristics of its operations. Such adjustments may include the payment of dividends, return of capital to shareholders, issuance of new shares, or obtaining or repayment of borrowings.

The Company monitors capital using a gearing ratio, which is calculated as net debt divided by total equity. Net debt is calculated as total borrowings less cash and cash equivalents.

	<u>31 December 2025</u>	<u>31 December 2024</u>
Loans and borrowings	344,172,097	165,373,905
Cash and cash equivalents	(17,197,502)	(16,493,223)
Net debts	326,974,595	148,880,682
Equity	298,732,862	238,186,200
Gearing	109%	63%

The Company is subject to externally imposed capital requirements arising mainly from its financing arrangements with lenders. During the years ended 31 December 2025 and 2024, the Company complied with all externally imposed capital requirements.

There were no changes in the Company's objectives, policies or processes for managing capital during the years ended 31 December 2025 and 2024.

34- COMPARATIVE FIGURES

Certain comparative figures have been reclassified where necessary to conform current year presentation. However, there are no significant reclassifications during the year.

35- SUBSEQUENT EVENTS

Subsequent to the reporting period, on 26 Rajab 1447H (corresponding to 15 January 2026), the Company entered into a Sharia-compliant credit facility agreement with local commercial bank for the purpose of financing its working capital needs. The facility amount is ﷲ 90,000,000 with a duration of 12 months. A promissory note has been provided as a guarantee for the financing.

Except for the matter mentioned above, management believes that there have been no other significant subsequent events since 31 December 2025 up to the date of approval of these financial statements that may have a material impact on, or require adjustment to, the Company's financial statements for the year ended on that date.

36- APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the Company's Board of Directors on 28 Shaban 1447H (corresponding to 16 February 2026).