

**MARBLE DESIGN FACTORY COMPANY
(SAUDI JOINT STOCK COMPANY)
RIYADH - SAUDI ARABIA
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025
TOGETHER WITH THE INDEPENDENT AUDITOR'S REPORT**

**MARBLE DESIGN FACTORY COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025
TOGETHER WITH THE INDEPENDENT AUDITOR'S REPORT**

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Professional Consultants

7425 Sahab Tower- AlItakhassusi Street
Riyadh-Kingdom of Saudi Arabia
PO Box. 8306, Riyadh 11482
Tel: +966 9200 282 29
Fax: +966 11477 4924
www.forvismazars.com

INDEPENDENT AUDITOR'S REPORT

To the **Shareholders of Marble Design Factory Company**
(A Saudi Joint Stock Company)

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of **Marble Design Factory Company** ("The company"), and its subsidiary (together "the Group") which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for opinion:

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

Key Audit Matters

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

Key audit matters	How the matter was addressed in our audit
<p>Revenue recognition: During the year ended 31 December 2025, the Group's revenue amounted to SAR 41,4 million (2024: SAR 44,5 million).</p> <p>Revenue is a key performance indicator, which creates an inherent risk of revenue being overstated in order to enhance profitability. Accordingly, revenue recognition has been identified as a Key Audit Matter.</p> <p>Please refer to Note 6-5 for the accounting policy and Note 21 for the relevant disclosure regarding the accompanying consolidated financial statements.</p>	<p>We performed the following procedures in relation to revenue recognition:</p> <ul style="list-style-type: none"> - Evaluated the appropriateness of the Group's accounting policies for revenue recognition with reference to the requirements of IFRS 15, Revenue from Contracts with Customers. - Obtained an understanding of and evaluated the design and implementation of relevant controls, including controls addressing the risk of fraud in revenue recognition, in accordance with the Group's policies. - Tested sales transactions on a sample basis and performed revenue cut-off procedures at the beginning and end of the reporting period to assess whether revenue was recognized in the appropriate period. - Tested revenue transactions on a sample basis and inspected supporting documentation to verify the accuracy and occurrence of revenue recognized.

INDEPENDENT AUDITOR'S REPORT ABOUT CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Key audit matters	How the matter was addressed in our audit
<p>Inventory: As at 31 December 2025, the Company's inventory balance amounted to SAR 50.5 million (31 December 2024: SAR 43.4 million), representing 73% of total current assets and 47% of total assets (31 December 2024: 70% of total current assets and 46% of total assets). Inventory mainly comprises marble slabs, which are either further processed or sold in their original form. In addition, management determines the cost of sales and the year-end inventory balance based on costs incurred, quantities produced, and the closing inventory balance. Accordingly, the existence and valuation of inventory, as well as the cost of sales, are dependent on the year-end inventory count process. Given the significance of the inventory balance and the related estimates and assumptions involved, this matter has been considered a Key Audit Matter. Refer to Notes (6-11) for the accounting policies and Note (13) for the related disclosures in the accompanying consolidated financial statements.</p>	<p>We performed the following procedures in relation to the existence and valuation of inventory:</p> <ul style="list-style-type: none"> - Attended the Group's physical inventory count. - Obtained an understanding of and evaluated the design and operating effectiveness of internal controls over the inventory cycle. - Evaluated the adequacy and appropriateness of disclosures relating to inventory in the consolidated financial statements. - Tested the measurement of inventory at the lower of cost and net realizable value. - Assessed the adequacy of the allowance for inventory write-down.

Other information

Management is responsible for other information and other information consists of information included in the Group's annual report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information in its annual report .

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

In connection with our audit of the consolidated financial statements, our responsibility to read the information identified above and, In doing so, consider whether the other information is materially inconsistent with the consolidated 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 of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards⁵ that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA and Regulations for Companies and the Company's Bylaws / Articles of Association and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, i.e. the Board of Directors⁶, are responsible for overseeing the Group's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.

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INDEPENDENT AUDITOR'S REPORT ABOUT CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

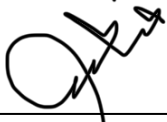
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

Professional Consultants Company



Abdullah S. Al Msned
License No. (456)

Riyadh:
Shawwal 6, 1447 H
March 25, 2026



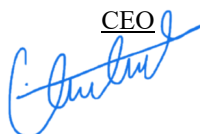
MARBLE DESIGN FACTORY COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2025
(ALL AMOUNTS ARE IN SAUDI RIYALS UNLESS OTHERWISE STATED)

	<u>Note</u>	<u>December 31,2025</u>	<u>December 31,2024</u>
<u>Assets</u>			
Non-current assets:			
Property, plant and equipment	7	38,140,305	30,004,242
Right -of- use assets	8	63,570	191,234
Projects under constructions	9	-	2,266,180
Total non-current assets		38,203,875	32,461,656
Current assets:			
Trade receivables	11	3,896,002	5,362,793
Other debit balances	12	3,053,493	5,748,028
Inventories	13	50,519,961	43,425,873
Financial assets at fair value through profit or loss	10	10,000	2,583,068
Term Deposits	14	10,121,528	-
Cash and cash equivalents	15	1,146,657	4,507,860
Total current assets		68,747,641	61,627,622
Total assets		106,951,516	94,089,278
<u>Equity and Liabilities</u>			
Equity:			
Share capital	16	75,000,000	60,000,000
Statutory reserve	17	-	7,877,149
Retained earning		20,466,495	16,972,201
Accumulated changes in other comprehensive income items		376,906	406,833
Total equity		95,843,401	85,256,183
Liabilities			
Non-current liabilities:			
Employees define benefits obligations	18	1,706,810	1,527,229
Total non-current liabilities		1,706,810	1,527,229
Current liabilities:			
Current portion of leases liabilities	8	41,265	61,789
Trade payables		635,910	118,984
Payables and sssOther credit balances	19	7,153,893	5,683,759
Zakat provision	20	1,570,237	1,441,334
Total Current Liabilities		9,401,305	7,305,866
Total liabilities		11,108,115	8,833,095
Total equity and liabilities		106,951,516	94,089,278

CFO



CEO



Chairman



The accompanying notes form an integral part of these consolidated financial statements.

MARBLE DESIGN FACTORY COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31,2025
(ALL AMOUNTS ARE IN SAUDI RIYALS UNLESS OTHERWISE STATED)

	<u>Note</u>	<u>December 31,2025</u>	<u>December 31,2024</u>
Revenues	21	41,412,412	44,534,983
Cost of revenues	22	(16,036,849)	(24,847,378)
Gross profit		25,375,563	19,687,605
Selling and distribution expenses	23	(3,447,380)	(2,951,923)
General and administrative expenses	24	(10,126,419)	(9,273,563)
Profit from operations		11,801,764	7,462,119
Other income (expenses):			
Fair value remeasurement gains of financial assets through profit or loss		-	83,068
Derecognition of property plant and equipment	7	(422,261)	-
Finance cost		(91,877)	(167,001)
Investment Income – Profit or Loss Basis	10	716,106	-
Other income	25	183,650	529,579
Gain on disposal Property, plant, and equipment		-	4,348
Profit before zakat		12,187,382	7,912,113
Zakat	20	(1,570,237)	(1,441,334)
Net profit for the year		10,617,145	6,470,779
Other comprehensive income items:			
Re-measurement of actuarial gains on defined benefits obligation		(29,927)	73,477
Total other comprehensive income for the year		10,587,218	6,544,256
Earnings per share (SAR) From net profit for the year	28	.14	.09

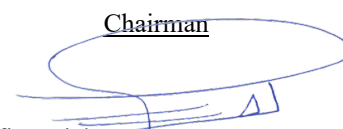
CFO



CEO



Chairman



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MARBLE DESIGN FACTORY COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31,2025
(ALL AMOUNTS ARE IN SAUDI RIYALS UNLESS OTHERWISE STATED)

	<u>Share capital</u>	<u>Statutory reserve</u>	<u>General reserve</u>	<u>Retained earning</u>	<u>Accumulated changes in other comprehensive</u>	<u>Total</u>
Balance as at January1,2024	60,000,000	7,230,071	3,500,000	28,048,500	333,356	99,111,927
Net profit for the year	-	-	-	6,470,779	-	6,470,784
Transfer to Retained Earnings	-	-	(3,500,000)	3,500,000	-	-
Transfer to statutory reserve	-	647,078	-	(647,078)	-	-
Re-measurement of actuarial gains on defined benefits obligation	-	-	-	-	73,477	73,477
Dividends (Note 16)	-	-	-	(20,400,000)	-	(20,400,000)
Balance as at December 31,2024	60,000,000	7,877,149	-	16,972,201	406,833	85,256,183
Balance as at January1,2025	60,000,000	7,877,149	-	16,972,201	406,833	85,256,183
Net profit for the year	-	-	-	10,617,145	-	10,617,145
Transfer from statutory reserve to retained earnings (Note 16)	-	(7,877,149)	-	7,877,149	-	-
Re-measurement of actuarial gains on defined benefits obligation	-	-	-	-	(29,927)	(29,927)
Transfer from retained earnings to increase share capital (Note 16)	15,000,000	-	-	(15,000,000)	-	-
Balance as at December 31,2025	75,000,000	-	-	20,466,495	376,906	95,843,401

CFO

CEO

Chairman

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MARBLE DESIGN FACTORY COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31,2025
(ALL AMOUNTS ARE IN SAUDI RIYALS UNLESS OTHERWISE STATED)

	Note	December 31,2025	December 31,2024
Cash flows from operating activities:			
Net profit for the year before zakat		12,187,382	7,912,113
Adjustments to reconcile net income from operation:			
(Reversal) / provision for inventory	13	(641,621)	5,412,123
Depreciation of property, plant, and equipment	7	3,162,794	2,922,927
Employee defined benefit obligation cost	18	191,661	258,431
Finance cost of employee defined benefit obligation	18	75,347	65,795
Amortization of right-of- use assets	8	1,935,960	1,103,794
Fair value revaluation of financial assets through profit or loss		-	(83,068)
Right-of- use assets adjustments	8	-	102,710
Finance cost of lease liabilities	8	16,530	5,996
Write-off of property, plant and equipment (PPE)	7	422,261	-
(Gain) on disposals property, plant, and equipment		-	(4,348)
Change in operating assets and liabilities:			
Trade receivables		1,466,791	(2,884,838)
Other debit balances		2,694,533	1,502,235
Inventories		(6,452,467)	993,525
Financial assets at fair value through profit or loss (FVTPL)		(10,121,528)	-
Trade payables		516,928	(153,651)
Other credit balances		1,470,133	750,038
Employees defined benefit obligation paid	18	(117,354)	(232,747)
Zakat Paid	20	(1,441,334)	(1,895,862)
Net cash generated from operating activities		5,366,016	15,775,173
Cash flows from investing activities:			
Payments for additions to property, plant and equipment		(9,454,937)	(410,444)
Proceeds from disposal of property, plant, and equipment	10	3,289,174	4,348
Fair value gain on investment at year-end	10	(716,106)	-
Additions to projects in progress		-	(2,266,180)
Investments in equity instruments through profit or loss		-	(2,500,000)
Net cash (used in) investing activities		(6,881,869)	(5,172,276)
Cash flows from financing activities:			
Lease liabilities payments	8	(1,845,350)	(1,103,388)
Dividends		-	(20,400,000)
Net cash (used in) financing activities		(1,845,350)	(21,503,388)
Net change in cash and cash equivalents		(3,361,203)	(10,900,491)
Cash and cash equivalent at the beginning of the year	15	4,507,860	15,408,351
Cash and cash equivalents at end of the year	15	1,146,657	4,507,860
Non-cash transaction:			
Transfer to property, plant and equipment from capital work in progress (CWIP)		2,266,180	-
Addition to right-of- assets		1,808,295	1,102,782

CFO

The accompanying notes form an integral part of these consolidated financial statements.

CEO

Chairman

**MARBLE DESIGN FACTORY COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31,2025
(ALL AMOUNTS ARE IN SAUDI RIYALS UNLESS OTHERWISE STATED)**

1. ACTIVITIES

1/1- Company information

The marble design factory company - a Saudi joint stock company (referred to below the "company") was established its main center, Riyadh, according to Commercial Register No. 1010423253 on 12/11/1435 AH to practice its activities in:

Cut and spread marble, marble installation, and the activities of the company's articles of association are in the manufacturing industries, construction and construction, transportation and storage, real estate activities, administrative services, and support services.

The company has the following sub-commercial records:

Statement	Commercial Registration No	Register history	Headquarters	Activity
Marble Design Company for Contracting	1010232822	26/4/1428 AH	Riyadh	<ul style="list-style-type: none"> • Marble installation • Retail sale of marble, natural and artificial stone, ceramic tiles, and porcelain • Marble installation • Wholesale of bricks, blocks, tiles, stone, marble, ceramic, and porcelain
Marble design factory company	2051239375	03/06/1443 AH	Al Khobar	<ul style="list-style-type: none"> • Retail sale of marble, natural and artificial stone, ceramic tiles, and porcelain from general stores carrying a variety of products
Marble design factory company	1010772826	13/06/1443 AH	Riyadh	<ul style="list-style-type: none"> • Marble installation • Wholesale of bricks, blocks, tiles, stone, marble, ceramic, and porcelain • Retail sale of marble, natural and artificial stone, ceramic tiles, and porcelain from general stores offering a variety of products

- The marble design factory company (a Saudi joint stock company) obtained a national industrial facility license No. (431110119818) on 13/10/1439 AH.
- During the previous year, on 27/06/1443 AH (corresponding to 30/01/2022), the shareholders decided to transfer the company from a limited liability company to a closed Saudi joint stock company.
- The Ordinary General Assembly, which was held on 19/07/1443 AH (corresponding to 20/02/2022 AD), approved the offering of 600,000 ordinary shares in the parallel market (Nomu), representing 10% of the company's total shares, which amount to 6,000,000 ordinary shares. The registration and listing in the parallel market were to take place after obtaining the necessary approvals from the Capital Market Authority and the Saudi Stock Exchange Group. On 05/01/1445 AH (corresponding to 23/07/2023 AD), 10% of the company's shares were offered for subscription in the "Nomu" market, and the offering period lasted for one week, ending on 27/07/2023. The company was listed on 08/08/2023.

The main center is in the following address:

Kingdom of Saudi Arabia, Riyadh- 8416 Sadous, the industrial zone, p. 59268, postal code 13968

1/2- Consolidated financial statements:

For the company's financial statements, they are consolidated with the financial statements of the Al -Maskan Road Real Estate Development Company "The subsidiary" - a limited liability company - one person whose main position in Riyadh is according to commercial registry No. 1010250230 dated 13/05/1429 AH and ends on 19/1/1459 AH - to practice Its activity in: "General construction of residential buildings, general construction of non -residential buildings such as schools, hospitals and hotels, retail marble, natural, artificial, ceramic and porcelain, buying and selling lands and real estate and dividing them and selling activities on the map, managing and leasing real estate owned or leased (residential), management and rental Realized or leased properties (non -residential). The acquisition of the subsidiary company was as follows:

- On the date of 16/04/1443 AH (corresponding to 21/11/2021) The founding contract for the subsidiary (Al -Maskan Road Real Estate Development Company) was amended by the partner Muhammad Abdul Rahman Abdullah Al -Naeem and the partner Ahmed Abdullah Abdul Rahman Abdullah Al -Kharashi and the waiver of all their shares in the company

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31,2025
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of 21,300 Classification of capital value 21,300,000 to the new capital owner, a marble design factory company- a closed Saudi joint stock company - and the company's status is modified to become a limited liability company - one person.

1/2- Consolidated financial statements:

The entire subsidiary company was acquired by the marble design factory company 100%. The following is the ownership data of the subsidiary included in these unified financial statements:

The subsidiary company	Year Founded	Ownership percentage		Activity	Headquarters
		2024	2023		
Al -Maskan Road for Real Estate Development	2008 AD	%100	%100	Real estate activities and retail sales of marble, natural and artificial stone, ceramics, and porcelain	Kingdom of Saudi Arabia

Climate Change:

Marble Design Factory Company faces short- and long-term risks associated with climate change, which directly and indirectly affect the construction and interior design sector as well as related supply chains. These risks include rising temperatures, increased energy consumption, supply chain volatility, and growing environmental regulations.

The Company is committed to reducing the environmental impact of its operations, recognizing the importance of sustainability in enhancing operational efficiency and achieving long-term financial stability. Greenhouse gas emissions resulting from electricity and fuel consumption in marble cutting, transportation, and installation processes not only impact the environment but also affect operating costs. Climate change may also impact the availability of natural raw materials such as stone and marble due to environmental and regulatory changes, posing challenges to supply sustainability and project continuity. Accordingly, Marble Design Factory Company has developed a clear sustainability strategy aimed at improving energy and resource efficiency and gradually adopting renewable energy sources. This includes a focus on increasing energy efficiency in factories, workshops, and showrooms; studying the implementation of solar energy systems in company facilities; rationalizing water consumption in cutting and polishing processes; managing marble waste through recycling or reuse wherever possible; reducing waste sent to landfills; and complying with local and international environmental standards in all its projects.

The Company believes that integrating sustainability principles into its operations enhances its competitiveness and supports sustainable development goals in the Kingdom.

2. BASIS OF PREPARATION

2/1 Statement of compliance:

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

3. BASIS OF MEASUREMENT

3/1 Preparation of the consolidated financial statements :

These consolidated financial statements have been prepared in accordance with the principle of historical cost and using Accrual basis and the concept of continuity of activity, except some of the financial tools that are measured by the amortized cost using the effective interest rate and others that are measured by fair value through the other comprehensive income.

3/2 Presentation and functional currency:

The financial statements are prepared in Saudi Riyals, which is the functional and presentation currency of the Group.

4. BASIS OF CONSOLIDATION OF FINANCIAL STATEMENTS

These consolidated financial statements comprising the consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flow and notes to the consolidated financial statements of the Group, include assets, liabilities, and results of the operations of the Company business and subsidiaries. Subsidiaries are the companies controlled by the Group, and in particular, the group controls the invested company only when the group has:

- Authority over the invested company (the existence of rights that give the group a current ability to direct activities related to the company invested in it).
- Exposure to risks or has rights to obtain different returns through its relationship with the company in which it invests.
- The ability to use its powers over the invested company to influence its returns.

In general, there is an assumption that the majority of voting rights result in control. In support of this assumption, when the group has less than a majority in voting rights or similar rights in the company in which it is invested, the Group takes into account all the facts and circumstances involved in this when ascertaining whether it exercises control over the company in which it invests, including:

- Contractual arrangement(s) with other voting rights holders of the company in which the investor is invested.
- Rights resulting from other contractual arrangements.

**MARBLE DESIGN FACTORY COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31,2025
(ALL AMOUNTS ARE IN SAUDI RIYALS UNLESS OTHERWISE STATED)**

- The voting rights of the group and the potential voting rights.

4. BASIS OF CONSOLIDATION OF FINANCIAL STATEMENTS (CONTINUED) :

Subsidiaries are consolidated from the date they begin to control and until they cease to exercise that control. The group accounts for business combinations using the acquisition method when the control is transferred to the group. The converted compensation in the acquisition is generally measured at fair value, as is the case with the net identifiable assets acquired. The excess of the cost of acquisition over the fair value of the identifiable net assets acquired is recorded as goodwill in the consolidated statement of financial position. Non- controlling equity is measured by its share of net assets identifiable to the company acquired at the date of acquisition. The share in profit or loss and net assets not controlled by the Group is listed as a separate item in the consolidated statement of profit or loss and other comprehensive income and within the equity in the consolidated statement of financial position. Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. Accounting policies of subsidiaries are aligned, where necessary, to ensure consistency with the policies adopted by the Group.

5. CHANGES IN ACCOUNTING POLICIES:

5-1 New Standards, Amendments to Standards, and Interpretations during the year

5-1-1 Amendments to (IAS) 21 – Lack of Exchangeability

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

The adoption of the above amendments has no material impact on the consolidated financial statements for the year.

5-2 New Standards Issued but Not Yet Applied

Below is a list of new standards and amendments to standards that are applicable for years starting on or after January 1, 2026, with early adoption permitted, but which the company has not yet applied when preparing these financial statements. The company is currently assessing the impact of applying these standards on its financial statements.

5-2-1 Amendments to IFRS 9 and IAS 7 – Classification and Measurement of Financial Instruments

Amendments:

- Clarification of the timing requirements for recognition and derecognition of certain financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system.
- Clarification and additional guidance on assessing whether a financial asset meets the “solely payments of principal and interest” (SPPI) criterion.
- Introduction of new disclosures for certain instruments with contractual terms that can modify cash flows (e.g., some instruments with features linked to environmental, social, and governance objectives).
- Updates to disclosures for equity instruments measured at fair value through other comprehensive income (FVOCI).

The adoption of these amendments has no material impact on the Company’s consolidated financial statements for the current year.

5-2-2 Amendments to IAS 1 – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current:

- These amendments clarify how compliance with conditions that the company must meet within twelve months after the reporting period affects the classification of liabilities. The amendments also aim to enhance the information provided by the company regarding liabilities subject to such conditions.

5-2-3 Amendments to IAS 7 and IFRS 7 – Supplier Financing Arrangements

These amendments require disclosures to enhance transparency regarding supplier financing arrangements, their impact on the company’s liabilities, cash flows, and exposure to liquidity risks.

The adoption of the above amendments has no material impact on the Company’s financial statements for the year.

5-3 Standards Issued but Not Yet Effective

The following table summarizes new standards and amendments to existing standards effective for annual periods beginning on or after 1 January 2025, with early adoption permitted, but which the Company has not applied in preparing these financial statements. The Company is currently assessing the potential impact of these standards on its financial statements.

5-3-1 Amendments to IAS 27 – Lack of Exchangeability

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

5-3-2 IFRS 18 – Presentation and Disclosure in Financial Statements

The new standard on presentation and disclosure in financial statements, effective for annual periods beginning on or after 1 January 2027, focuses on updates to the statement of profit or loss. Key new concepts introduced by IFRS 18 include:

- The structure of the statement of profit or loss;
- Required disclosures in the financial statements for certain profit or loss performance measures reported outside the entity’s financial statements (i.e., management-defined performance measures); and

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- Enhanced principles of aggregation and classification that apply generally to the primary financial statements and notes.

6. SUMMARY FOR SIGNIFICANT ACCOUNTING POLICIES:

Going concern

The company's management has assessed the company's ability to continue as a going concern and is confident that the company has sufficient resources to sustain its operations in the near future. Furthermore, management has no material doubts regarding the company's ability to continue. Accordingly, these financial statements continue to be prepared on a going concern basis.

6/1 Judgments, estimates and important accounting assumptions:

The preparation of these consolidated financial statements requires management to use provisions and estimates that affect the application of accounting policies and the amounts listed assets and obligations and the disclosure of possible assets and obligations in the history of financial statements, revenues and expenses, and although estimates are based on the best information and events available to the administration on the date of issuing financial statements However, the actual final results may vary fundamentally different from these estimates. These estimates and assumptions are reviewed periodically, the impact of the amendments resulting from changing accounting estimates is shown in the period in which it occurs if the impact of the amendment on the year in which the change occurred only or the year in which the change and the coming years occurred if the impact of the amendment extends to the year in which it occurred Change and coming years.

Useful life for property, plant, and equipment

The Group's management determines the estimated useful lives of property, plant, and equipment for the purpose of calculating depreciation. These estimates are determined after considering the expected usage of the assets or the depreciation to which these assets are exposed. The management reviews the residual value and the useful lives annually, and the annual depreciation expenses are adjusted when the management believes that the useful lives differ from previous estimates.

Provisions

By their nature, the measurement of provisions depends on estimates and assessments to determine whether the recognition criteria have been met, including estimates of the amounts that may be payable. Provisions for lawsuits are based on cost estimates, taking into account legal advice and other information currently available. Provisions relating to uncertain liabilities reflect management's best estimates regarding the likelihood of cash outflows.

In the context of applying the Group's accounting policies, management has made the following estimates and judgments that are considered material to the financial statements:

- Measurement of the provision for impairment of trade receivables, which is a key assumption in estimating the weighted average loss rates (see Notes 6/4 and 11).

Employees defined benefit obligation

The cost of employee benefit obligations and other post-employment benefits is determined using actuarial valuations. Actuarial valuations involve making various assumptions, which may differ from actual future outcomes. These assumptions include determining the discount rate, future salary increases, mortality rates, and future pension increases. Due to the complexity of the valuations, the long-term nature of the assumptions, and their sensitivity, the estimated obligations are highly sensitive to any changes in these assumptions. All actuarial assumptions are reviewed at the date of each financial position prepared for a special purpose.

In the context of applying the Group's accounting policies, management has made the following estimates and judgments that are considered material to the financial statements:

- Measurement of defined benefit obligations, including key actuarial assumptions (see Notes 6/12 and 7).

Inventory Impairment

Management exercises judgment and makes estimates when assessing indicators of inventory impairment. Inventory is measured at the lower of cost or net realizable value. Determining the net realizable value requires estimating the expected selling price under normal business conditions, less the expected costs to complete production and the costs necessary to make the sale. Management also considers factors such as inventory obsolescence, slow-moving items, damage, and changes in selling prices or market demand. Actual results may differ from these estimates, and these assumptions are reviewed periodically, with the provision adjusted as necessary based on the latest available information.

Impairment of Financial Assets

Management assesses the impairment of financial assets based on the expected credit loss model, which requires significant judgments and estimates regarding the probability of default, loss given default, and exposure at default, while also considering relevant forward-looking information. An impairment provision is recognized when there has been a significant increase in credit risk since initial recognition or when there are indicators that the counterparty may default. Management also considers historical collection experience, the financial position of customers, and current and expected

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economic conditions. Actual results may differ from these estimates, and assumptions and provisions are reviewed periodically and adjusted as necessary based on information available at the reporting date.

6. SUMMARY FOR SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) :

Determining Lease Term for Contracts with Renewal and Termination Options

The company determines the lease term as the non-cancellable period of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease if it is reasonably certain not to be exercised.

6/2 Right-of-Use Assets and Lease Liabilities:

IFRS 16 "Leases" specifies how to recognize, measure, present, and disclose lease contracts. The standard introduces a single accounting model that requires lessees to recognize both assets and liabilities for all leases, except for leases with a term of 12 months or less or for leases of low-value assets. Lessors continue to classify leases as either operating or finance leases under the IFRS 16 model for lessor accounting, with no significant changes compared to IAS 17. This standard has been effective from 1 January 2019.

The Saudi Organization for Certified Public Accountants approved the amendment issued by the International Accounting Standards Board to IFRS 16, which gives lessees the option to account for rent concessions granted due to the COVID 19 pandemic without applying the standard's contract modification requirements, to facilitate its application.

Upon applying IFRS 16, the Group recognized lease liabilities and the related right-of-use assets for contracts classified as leases under the standard. Lease liabilities are measured at the present value of the remaining lease payments discounted using the incremental borrowing rate, and the corresponding right-of-use assets are measured at an amount equal to the lease liability, adjusted for any lease payments made in advance related to the lease.

6/3 Investments in subsidiaries companies:

A subsidiary is an entity that is under the control of the parent company. Control is the power to govern the financial and operational policies of the investee entities in order to obtain benefits from their activities. At each reporting date, the financial statements of the subsidiary are consolidated within the parent company's consolidated financial statements.

Control is assumed when the Group directly or indirectly owns more than half of the voting power of an entity. This assumption may not apply in exceptional circumstances if it can be clearly demonstrated that such ownership does not constitute control.

Control also exists when the parent company owns half, or less than half, of the voting power of an entity but has:

- a. Power over more than half of the voting rights under an agreement with other investors; or
- b. The power to control the financial and operational policies of the entity under legislation or agreement; or
- c. The power to appoint or remove the majority of the members of the board of directors or equivalent governing body, and control of the entity is exercised through that board or body; or
- d. The power to cast the majority of votes at meetings of the board of directors or equivalent governing body, and control of the entity is exercised through that board or body.

When preparing the consolidated financial statements, the assets, liabilities, income, and expenses of subsidiaries are fully consolidated with those of the parent company. All intercompany balances and transactions, as well as any unrealized gains or losses arising from such transactions, are eliminated.

Any excess of the cost of acquisition over the Group's share of the fair value of the identifiable assets and liabilities of the subsidiary is recognized as goodwill and included in the consolidated financial statements.

Non-controlling interests in subsidiaries are presented separately within equity in the consolidated statement of financial position.

6/4 Financial Instruments

A) Recognition and measurement

The trade receivables are initially proven when they are established. All other financial assets and liabilities are proven in principle when the company becomes a party to the contractual provisions of the tool.

The financial asset (unless it is trade receivable without an important financing element) or the financial commitment in principle is measured by a fair value in addition to a clause that is not fair through profits and losses, the costs of transaction that are attributed directly to their possession or issuance. Accounts receivables are proven to be without a large financing component initially at the price of transaction.

B) Classification and measurement of financial assets and financial liabilities

-Financial assets

At first proof, financial assets are classified as measured financial assets at the amortized cost, or by fair value through other comprehensive income - investments in debt tools, or by fair value through the other comprehensive income or by fair value through profit or loss - investments in tools Property rights. The classification of financial assets in accordance with the international standard - for financial report No. (9) is usually based on the business model through which the financial assets are managed as well as the characteristics of their contractual cash flow. The derivatives included in the

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contracts where the financial assets are never the host within the scope of the standard, and instead, the mixed financial tool is eliminated with the aim of classifying them.

6. SUMMARY FOR SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) :

6/4 Financial Instruments (Continued)

At initial recognition, financial assets are classified as financial assets measured at amortized cost, or at fair value through other comprehensive income (FVOCI) – investments in debt instruments, or at fair value through other comprehensive income or through profit or loss (FVTPL) – investments in equity instruments.

The classification of financial assets under IFRS 9 is generally based on the business model through which the financial assets are managed, as well as the characteristics of their contractual cash flows. Embedded derivatives in contracts where the financial asset is the host are never separated; instead, the entire hybrid financial instrument is assessed as a whole for classification purposes.

Financial assets are measured at amortized cost if both of the following conditions are met, and they are not classified at FVTPL:

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

All financial assets not classified at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

At initial recognition, the group has the irrevocable right to designate financial assets that would otherwise meet the measurement criteria for amortized cost or FVOCI as FVTPL. In doing so, the group eliminates or significantly reduces any accounting mismatch that would otherwise arise.

The following accounting policies are applied to the subsequent measurement of financial assets:

Financial assets classified as FVPL-

Subsequent measurement of these assets is at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

Financial assets classified as amortized cost- Subsequent measurement of these assets is at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, and impairment losses are recognized in profit or loss. Any gains or losses are recognized in profit or loss.

Financial assets measured at amortized cost comprise trade receivables, contractual assets, cash, and cash equivalents.

The amounts due from trade receivable and others

Most revenue is generated on standard credit terms and is non-interest-bearing. When credit is extended beyond normal terms, amounts due from trade receivables and others are measured at amortized cost using the effective interest method. At the end of each reporting period, the carrying amounts of trade receivables and others are reviewed to determine whether there is any objective evidence of impairment. If objective evidence of impairment exists, the impairment loss is recognized directly in profit or loss.

Financial liabilities

Financial liabilities are classified as measured at amortized cost or at fair value through profit or loss (FVTPL). Financial liabilities are classified at FVTPL if they are held for trading, are derivatives, or are designated as such at initial recognition. FVTPL financial liabilities are subsequently measured at fair value, and net gains or losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method.

Financial liabilities of the group comprise trade payables and other payables.

The amounts due to trade payable and others

Trade payables are liabilities based on normal credit terms and are non-interest-bearing. Trade payables denominated in foreign currency are translated into Saudi Riyals using the exchange rate at the reporting date. Foreign exchange gains or losses are included in other income or expenses in the statement of profit or loss.

De-recognition

Financial assets:

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

The group enters into transactions in which it transfers assets recognized in its statement of financial position but retains all or substantially all the risks and rewards of the transferred assets. In this case, the transferred assets are not derecognized.

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Financial liabilities:

The group derecognizes financial liabilities when its contractual obligations are discharged, cancelled, or expired. The group also derecognizes financial liabilities when their terms are modified, and the cash flows of the modified liabilities are substantially different. In this case, the new financial liabilities based on the modified terms are recognized at fair value.

6. SUMMARY FOR SIGNIFICANT ACCOUNTING POLICIES(CONTINUED)

6/4 De-recognition (Continued)

Compensation:

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

When financial liabilities are derecognized, the difference between the carrying amount and the consideration paid (including any non-cash assets transferred or assumed liabilities) is recognized in profit or loss.

Impairment of Financial Assets:

The group recognizes allowances for expected credit losses on financial assets measured at amortized cost and on contract assets.

The group measures the loss allowances at an amount equal to the lifetime expected credit losses.

Under IFRS 9, loss allowances are measured on either of the following bases:

- **12-month expected credit losses:** Losses resulting from possible default events within 12 months from the reporting date; and
- **Lifetime expected credit losses:** Credit losses resulting from all possible default events over the expected life of the financial instrument.

The group considers a financial asset to be credit-impaired when:

- It is unlikely that the debtor will pay its credit obligations to the group in full, without recourse by the group to actions such as realizing collateral (if any); or
- The financial assets are more than 4 years past due from government entities or more than 2 years past due from commercial entities.

Measuring expected credit losses:

Expected credit losses are a weighted estimate of potential credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the contractual cash flows and the cash flows the company expects to receive). Expected credit losses are discounted using the effective interest rate of the financial asset.

Financial assets with low credit value:

At the date of each financial statement, the company assesses whether financial assets measured at amortized cost are credit-impaired. A financial asset is considered credit-impaired when one or more events have occurred that have a negative impact on the estimated future cash flows of that asset.

Evidence indicating credit impairment of financial assets includes the following observable data:

- Significant financial difficulty of the debtor;
- Breach of contract, such as default or delays of more than 4 years from the due date from government entities, and more than 2 years from the due date from commercial entities;
- Restructuring of a loan or advance by the company under terms it would not otherwise consider;
- It is probable that the debtor will enter bankruptcy or another financial reorganization; or
- The disappearance of an active market for the security due to financial difficulties.

Presentation of impairment:

Loss allowances for financial assets measured at amortized cost are deducted from the carrying amount of the assets. Impairment losses related to trade receivables and other receivables are presented separately in the statement of profit or loss.

Impairment of non-financial assets:

At the date of preparing each financial statement, the company assesses whether there is any indication of impairment of a non-financial asset. If any indication exists, or when an annual impairment test is required for an asset, the company estimates the recoverable amount of the asset.

The recoverable amount is the higher of the fair value of the asset or cash-generating unit less costs of disposal and its value in use. The recoverable amount of an individual asset is determined separately unless the asset generates cash flows largely independent of other assets or groups of assets. When the carrying amount of the asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is reduced to its recoverable amount.

When determining the present value, estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. When determining fair value less costs of disposal, observable market transactions are taken into account.

If such transactions are not available, an appropriate valuation model is used. These calculations are recognized using valuation multiples, listed stock prices for traded companies, or other available fair value indicators.

For assets other than goodwill, an assessment is made at the date of each financial report to determine whether there is any indication that previously recognized impairment losses no longer exist or have decreased. In the event of such an

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indication, the company estimates the recoverable amount of the asset or cash-generating unit. Previously recognized impairment losses are reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last recognition of an impairment loss. 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, if no impairment loss had been recognized in prior years.

6. SUMMARY FOR SIGNIFICANT ACCOUNTING POLICIES(CONTINUED)

6/4 Impairment of non-financial assets (Continued)

6/5- Revenues and revenues recognition:

Revenue is recognized when control of an asset is transferred, either over time or at a point in time. Control of an asset is defined as the ability to direct the use of the asset and obtain substantially all the benefits from that asset.

Revenue from the main activity:

Revenue is recognized when **goods are transferred** or **services are rendered** to customers in an amount that reflects the consideration the Group expects to be entitled to in exchange for those goods or services. Revenue is recognized when the following criteria are met:

- Identifying the contract with the customer. The contract does not need to be in writing.
- Existence of a performance obligation.
- Determining the transaction price.
- Allocating the transaction price to the performance obligations.
- Recognizing revenue when the performance obligations are satisfied.

When evaluating these criteria, management considers the following:

- Approval of both parties (buyer and seller) for the sale, along with the transfer of each party's rights to the goods under the contract. Payment terms are also assessed to ensure the contract has commercial substance and that collection of the transaction price is probable.
- Identification of distinct goods agreed under the contract. These distinct goods are referred to as performance obligations. When assessing whether goods are distinct, management evaluates whether the goods can provide benefit on their own and whether the Group has committed to transfer the goods to the customer separately. All Group sales are considered distinct.
- The transaction consideration that the Group expects to be entitled to for transferring these goods. All Group sales have fixed consideration.
- Allocation of the transaction price to the goods under the contract.
- Fulfillment of the performance obligation.

When evaluating these criteria, management considers the following:

Approval of both parties on the contract terms, defining each party's rights and payment terms, ensuring the contract has commercial substance, and that collection of the transaction price is highly probable.

Identification of distinct goods or services agreed under the contract as separate performance obligations, by assessing whether they provide benefit on their own and can be distinguished from other elements of the contract.

Determining the transaction consideration to which the Group is entitled, whether fixed or variable, taking into account any discounts, incentives, or potential claims.

Allocation of the transaction price to the performance obligations based on relative standalone selling prices.

Recognizing revenue when the performance obligation is satisfied and control of the goods or services is transferred to the customer.

6/6 Other revenues:

Other revenues are recognized when earned and are measured at the fair value of the consideration received or receivable.

6/7 Sales Returns:

No liability for refund of amounts has been recognized, as the level of goods returned, based on the Group's past experience, has historically been low.

6/8 The cost of sales:

Cost of sales includes direct production costs, comprising the cost of goods sold, contract services, depreciation of property, plant, and equipment, amortization of deferred expenses, and indirect production costs directly attributable to production.

6/9- Expenses:

General and administrative expenses and selling and distribution expenses include certain direct and indirect costs that are not necessarily part of the cost of sales in accordance with generally accepted accounting principles.

Shared costs are allocated between the cost of sales and general and administrative and selling and distribution expenses – if necessary – on a regular and rational basis that reflects the actual benefit derived from these costs.

The basis of allocation is determined using objective criteria, such as sales ratio, activity volume, number of employees, time spent, or any other appropriate indicator that reflects the causal relationship between the cost and the activity benefiting from it, in order to ensure a fair presentation of the results of each activity.

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6. SUMMARY FOR SIGNIFICANT ACCOUNTING POLICIES(CONTINUED)

6/10 Property, plant, and equipment:

Property, plant, and equipment are recognized at cost, less accumulated depreciation and any impairment losses. The cost includes direct expenses incurred to acquire the asset. Improvements that substantially increase the productive life of the asset are capitalized. All other repair and maintenance expenses are charged to the statement of profit or loss as incurred. Depreciation of property, plant, and equipment is calculated using the straight-line method, after deducting the residual value, over their expected useful lives using the following annual rates:

Statement	Depreciation rate	Statement	Depreciation rate
• Buildings	%5	• Decorations	%15
• Building on the lands of others	%10	• Cars	%20
• Furniture, furnishing, and office equipment.	%10	• Computer devices and software	%25
• Machinery and equipment	%12.5		

If the item of property, plant, and equipment consists of individual component parts that have different applicable methods or depreciation rates, each part is depreciated separately. The separate part may be a tangible part or an intangible part representing a major inspection or overhaul.

The recognition of property, plant, and equipment is stopped when the asset is disposed of or when no future economic benefits are expected from its use. Any gains or losses resulting from the disposal of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) are recognized in the statement of profit or loss when the asset is derecognized.

When there are indicators of changes in the residual value or expected useful lives of property, plant, and equipment, previous estimates are reviewed by management, and based on this review, the residual values, expected useful lives, or depreciation methods of property and equipment are adjusted prospectively.

The cost of capital work-in-progress that is still under construction or development is recorded in the capital work-in-progress account. The asset under construction or development is transferred to the appropriate category of property, plant, and equipment (depending on the nature of the project) when the asset is in the location or condition necessary for it to operate as intended by management. The cost of capital work-in-progress consists of the purchase price, construction/development costs, and any directly attributable costs of bringing the asset to the condition necessary for its intended use. Proceeds from the sale of any output during the trial operation period and related production costs (before the asset is ready for use) are recognized separately in the statement of profit or loss for the period.

Borrowing costs directly attributable to qualifying assets are capitalized as part of the cost of the qualifying assets until commercial production begins.

Capital work-in-progress is measured at cost, less any recognized impairment losses.

No depreciation is charged on capital work-in-progress.

Depreciation begins when the assets are capable of operating as intended by management after transfer to the appropriate category of assets.

6/11-Inventory:

The Company's inventory represents the value of finished goods inventory, which appears as inventory balances at the reporting date, and inventory is measured at cost or net realizable value, whichever is lower. Cost is determined on a weighted average basis. Cost includes the net purchase price and other direct expenses related to acquisition, while net realizable value consists of the estimated selling price less the costs of completion and the necessary expenses to make the sale. The Company establishes a provision for inventory impairment when there are indicators that the carrying amount of inventory may not be recoverable, due to obsolescence, damage, slow movement, or a decline in market selling prices. The provision is determined based on the difference between cost and net realizable value and is reviewed periodically and adjusted as necessary according to the latest available information. Inventory that cannot be sold is fully written off after exhausting all possible measures to utilize it.

6/12-Employees define benefits obligations:

The Group has an end-of-service benefits scheme for employees under a defined benefits plan that complies with the Labor Law in the Kingdom of Saudi Arabia, based on the last salary and years of service. End-of-service benefit plans are not funded. Therefore, the obligations under the plans are assessed by an independent actuary using the projected unit credit method. Costs related to these plans consist primarily of the present value of benefits attributed on a straight-line basis over each year of service and the interest on this obligation with respect to the employee's past service.

Current and past service costs related to post-employment benefits and adjustments to the obligation are recognized at the discount rates in profit or loss. Any changes in the net obligation due to actuarial valuations and changes in assumptions are recognized as remeasurements in other comprehensive income. Remeasurements arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur directly in other

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6. SUMMARY FOR SIGNIFICANT ACCOUNTING POLICIES(CONTINUED)

7. 6/12-Employees define benefits obligations (continued):

comprehensive income and presented separately in the consolidated statement of changes in equity in the period they occur. Changes in the present value of defined benefit obligations resulting from plan amendments or reductions are recognized immediately in profit or loss and other comprehensive income as past service costs. End-of-service payments depend primarily on final salaries, allowances, and accumulated years of service, as specified in the Labor Law in the Kingdom of Saudi Arabia.

6/13- Provision for zakat

Zakat is calculated according to the instructions issued by the Zakat, Tax and Customs Authority, and a provision is made annually for the legal Zakat due and charged to the income statement. Any differences between the calculated provision and the final assessment are recorded upon approval of the final assessment in the statement of profit or loss and other comprehensive income.

6/14- Value -added tax:

The Company is subject to the value-added tax system, and VAT is calculated upon issuance of the invoice, delivery of the service, or receipt of the price or part of it. VAT returns are submitted on a monthly basis.

6/15- Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, and that it is likely that it is necessary to use resources that include economic benefits to pay the obligation and that the amount of commitment can be reliably estimated. In cases where the group expects to recover some or all provisions through a third party, for example, according to an insurance contract, the recovered amounts are recognized as an independent asset only, only when the recovery process is really confirmed. The expenses related to the provision in the income statement are recognized after deducting any recovered amounts.

6/16- Contingent assets and liabilities:

Contingent assets are not recognized in the financial statements but are disclosed when it is probable that economic benefits will flow to the Group. Assessments are made at the end of each reporting period for contingent liabilities, which are possible obligations arising from past events whose existence depends on the occurrence or non-occurrence of one or more uncertain future events that are not fully within the Group's control.

6/17- Reserves

The ordinary general assembly, when determining the share of profits, may decide to create reserves to the extent that serves the interest of the Company or ensures maximum possible distribution of dividends to shareholders. The assembly may also allocate amounts from net profits for social purposes for the Company's employees. The assembly determines the proportion of net profits to be distributed to shareholders after deducting any reserves, if applicable.

6/18- Foreign currencies

The Group's financial statements are presented in Saudi Riyals, which is also the functional currency. Foreign currency transactions are initially recorded at the spot exchange rate of the functional currency at the date the transaction qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate at the reporting date. All differences arising from settlement or translation of monetary items at rates different from those initially recorded are recognized in profit or loss in the period in which they arise.

6/19- Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise bank balances, cash on hand, short-term deposits, and Murabaha receivables due within three months or less, which are not subject to significant risk of changes in value. Cash and cash equivalents subject to banking restrictions and not available for use are excluded for the purpose of the cash flow statement.

6/20- Transactions with related parties:

A person or a close family member of that person is related to the Company if that person is a member of key management personnel of the Company, or has control or joint control over the Company, or has significant influence over the Company. An employee is considered key management personnel if they are a shareholder or have authority to make significant administrative decisions affecting the Company.

An entity is considered related to the Company if any of the following conditions apply:

- The entity and the Company are members of the same group.
- The entity is an associate or joint venture with the Company.
- The entity and the Company have joint ventures with the same third party.
- One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- The entity is a post-employment benefit plan for employees of the Company or a related entity.
- The Company is under the control or joint control of a person specified above.
- The entity or any member of the Company provides services to the Group's senior management.
- A person specified above has significant influence over the Company or is a member of the Group's senior management.

6. SUMMARY FOR SIGNIFICANT ACCOUNTING POLICIES(CONTINUED)

6/21 Basis for classifying assets and liabilities as current and non-current:

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification.

Assets are classified as current when:

- Expected to be realized, sold, or consumed in the normal operating cycle;
- Primarily held for trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash and cash equivalents unless restricted for use for at least twelve months after the reporting period.

All other assets are classified as non-current.

Liabilities are classified as current when:

- Expected to be settled in the normal operating cycle;
- Primarily held for trading;
- Due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer settlement for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

6/22- Fair value measurement:

Fair value is the amount received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurement assumes that the transaction to sell an asset or transfer a liability occurs either:

- A. In the principal market for the asset or liability; or
- B. In the absence of a principal market, in the most advantageous market for the asset or liability.

Fair value is measured using assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest.

Fair value measurement of non-financial assets considers the ability of market participants to generate economic benefits from the asset's highest and best use or by selling it to another market participant who would use it in its highest and best use.

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

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

Level 2 – Valuation techniques using inputs observable directly or indirectly.

Level 3 – Valuation techniques using unobservable inputs.

For assets and liabilities measured at fair value on a recurring basis, the Group assesses whether transfers occurred between levels by re-evaluating categorization at the end of each reporting period.

6/23- Earnings per share:

Earnings per share from main operations and net profit are calculated by dividing profit from main operations and net profit by the weighted average number of shares at year-end.

6/24- Dividends:

Dividend policy is approved by the Company's General Assembly. Dividends are recognized as liabilities when approved and no longer at the discretion of the Company. The corresponding amount is directly recorded in equity.

6/25- Contingent liabilities:

By nature, contingent liabilities are settled only upon the occurrence or non-occurrence of future events. Their assessment involves significant judgment and estimation regarding uncertain future events.

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7. Property, plant, and equipment:

	Lands	Buildings	Buildings on the lands of others	Furniture and fixture	Plant and equipment	Decorations	Vehicles	Computers and programs	Total
Cost:									
Balance as of January 1,2025	13,441,724	13,271,986	295,343	3,838,695	11,642,939	791,441	2,778,611	798,136	46,858,875
Addition during the year	-	4,694,204	-	2,562,918	3,831,184	-	611,300	21,511	11,721,117
Derecognized during the year	-	-	-	(635,307)	-	-	-	-	(635,307)
Balance as of December 31,2025	13,441,724	17,966,190	295,343	5,766,306	15,474,123	791,441	3,389,911	819,647	57,944,685
Accumulated Depreciation:									
Balance as of January 1,2025	-	3,875,212	295,343	1,392,465	7,884,169	791,441	1,937,101	678,900	16,854,631
Depreciation the year	-	636,995	-	338,934	1,733,581	-	369,205	84,079	3,162,794
Disposals during the year	-	-	-	(213,045)	-	-	-	-	(213,045)
Balance as of December 31,2025	-	4,512,207	295,343	1,518,354	9,617,750	791,441	2,306,306	762,979	19,804,380
Net book value:									
Balance as of December 31,2025	13,441,724	13,453,983	-	4,247,952	5,856,373	-	1,083,605	56,668	38,140,305

- The total carrying amount of fully depreciated property, plant, and equipment that are still in use amounted to SAR 3,528,468 as of December 31, 2025 (December 31, 2024: SAR 3,887,818).
- The income statement includes an amount of SAR 422,261 representing the derecognized of certain furniture and fixtures due to the closure of the Al Khobar branch.
- Depreciation expenses were allocated as follows:

	Note	December 31, 2025	December 31, 2024
Cost of revenues	22	1,743,924	1,899,902
General and administrative expenses	24	1,418,870	1,023,025
		3,162,794	2,922,927

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7- Property, plant, and equipment(continued):

The movement of property, plant and equipment during the year ending on December 31, 2024, is as follows:

	Lands	Buildings	Buildings on the lands of others	Furniture and fixture	Plant and equipment	Decorations	Vehicles	Computers and programs	Total
Cost:									
Balance as of January 1,2024	13,441,724	13,271,986	295,343	3,547,741	11,564,972	791,441	2,828,611	756,613	46,498,431
Addition during the year	-	-	-	290,954	77,967	-	-	41,523	410,444
Disposals during the year	-	-	-	-	-	-	(50,000)	-	(50,000)
Balance as of December 31,2024	13,441,724	13,271,986	295,343	3,838,695	11,642,939	791,441	2,778,611	798,136	46,858,875
Accumulated Depreciation:									
Balance as of January 1,2024	-	3,244,004	295,343	1,079,115	6,471,251	791,441	1,547,151	553,401	13,981,706
Depreciation the year	-	631,208	-	313,350	1,412,919	-	439,950	125,499	2,922,927
Disposals during the year	-	-	-	-	-	-	(50,000)	-	(50,000)
Balance as of December 31,2024	-	3,875,212	295,343	1,392,465	7,884,169	791,441	1,937,101	678,900	16,854,633
Netbook value:									
Balance as of December 31,2024	13,441,724	9,396,774	-	2,446,230	3,758,769	-	841,510	119,236	30,004,242

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8. Leases:

8/1- Right of use assets, net

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Right of use assets at the beginning of the year	191,234	2,261,097
Addition during the year	1,808,295	1,102,782
Disposals	-	(2,068,851)
Less:		
Depreciation during the year	(1,935,959)	(1,103,794)
Right of use assets at the end of the year	<u>63,570</u>	<u>191,234</u>

8/2- Lease liability

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Balance at the beginning of the year	61,789	2,022,540
Addition during the year	1,808,296	1,102,782
Finance cost	16,530	5,996
Less:		
Repayments of lease liability during the year	(1,845,350)	(1,103,388)
Adjustments	-	102,710
Disposals	-	(2,068,851)
Balance at the end of the year	<u>41,265</u>	<u>61,78</u>
Lease liabilities – current portion	<u>41,265</u>	<u>61,789</u>

As of 31 December 2025, lease payments and finance costs related to lease liabilities were as follows:

	<u>Current 2025</u>	<u>Current 2024</u>
Lease payments	57,795	67,785
Finance costs	(16,530)	(5,996)
Net present value	<u>41,265</u>	<u>61,789</u>

The amounts recognized in the income statement are as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Lease depreciation	1,935,958	1,103,794
Finance costs	16,530	5,996

9. Projects under construction:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
	2,266,180	-
Additions during the year	-	2,266,180
Transfers During the Year	(2,266,180)	-
	<u>-</u>	<u>2,266,180</u>

* The closing balance of projects under construction for the previous year was fully transferred during the year as additions to property, plant, and equipment in buildings and machinery and equipment.

10. Financial assets at fair value through profit or loss:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Cost of investments in equity instruments	2,583,068	2,500,000
Fair value revaluation gains on investment at year-end	716,106	83,068
	(3,289,174)	-
Value of the investment at year-end	<u>10,000</u>	<u>2,583,068</u>

The investment consists of an equity portfolio managed by Al Khair Capital. The investment portfolio is measured at fair value based on the closing prices of listed shares on the valuation date, while investments in investment funds are measured based on the latest unit price announced by the fund manager. Cash balances are recorded at nominal value.

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11. Trade receivables:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Trade receivables	4,449,092	5,915,883
Less: expected credit losses	(553,090)	(553,090)
	<u>3,896,002</u>	<u>5,362,793</u>

11-A. The movement of the expected credit loss provision during the year was as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Balance at the beginning of the year	553,090	553,090
Balance at year-end	<u>553,090</u>	<u>553,090</u>

12. Other debit balances:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Advances to suppliers	1,189,118	5,145,217
Employee receivable	657,150	619,215
Prepaid expenses	176,897	80,571
Zakat, Tax and Customs Authority – VAT receivables	1,127,303	-
	<u>3,150,468</u>	<u>5,845,003</u>

Less:

Provision for expected credit losses on other debit balances	(96,975)	(96,975)
	<u>3,053,493</u>	<u>5,748,028</u>

13. Inventories:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Marble and natural stone.	52,305,023	48,837,996
Sintered Stone	2,985,440	-
	<u>55,290,463</u>	<u>48,837,996</u>
Less: Provision for impairment in value of inventory	<u>(4,770,502)</u>	<u>(5,412,123)</u>
Net book value of inventory	<u>50,519,961</u>	<u>43,425,873</u>

13-A. The movement of the provision for inventory impairment during the year was as follows::

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Balance at the beginning of the year	5,412,12	-
Provided during the year	(641,621)	5,412,123
Balance at year-end	<u>4,770,50</u>	<u>5,412,123</u>

14. Term Deposits

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Time Deposits*	10,121,528	-
	<u>10,121,528</u>	<u>-</u>

These deposits represent term deposits invested with Al-Khair Capital, all of which are short-term with a yield of 6.25%.

15. Cash and cash equivalents:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Cash at bank	1,146,656	4,507,860
	<u>1,146,656</u>	<u>4,507,860</u>

*It consists of Murabaha deposits held by Al Khair Capital Company due within three months from the acquisition date.

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16. Share Capital:

The company's share capital amounted to SAR 75,000,000, divided into 75,000,000 shares of equal value, with each share valued at SAR 1, and was fully distributed to the shareholders as of 31 December 2025.

	Number of shares	Value SAR	The value of the shares SAR	ownership percentage %
Ahmed Abdullah Abdul Rahman Abdul- lah Al -Kharashi	29,160,000	1	29,160,000	38.88%
Adel Abdulaziz Hawas Al -Hawas	11,475,000	1	11,475,000	15,30%
Mohammed Abdul Rahman Abdullah Al -Naeem	8,437,500	1	8,437,500	11,25%
Firas Saleh Abdullah Al-Sale	5,700,000	1	5,700,000	7,60%
Abdulaziz Saleh Muhammad Al -Jarbou	7,593,750	1	7,593,750	10.13%
Other shareholders	12,633,750	1	12,633,750	16,84%
Total	75,000,000		75,000,000	%100

On August 4, 2024, the Company's Board of Directors, based on prior authorization from the General Assembly held on April 25, 2024, decided to distribute semi-annual and quarterly cash dividends to the shareholders. Accordingly, the Board decided to distribute cash dividends for the first half of the fiscal year 2024 amounting to SAR 10,200,000, distributed over 6,000,000 shares, with a dividend of SAR 1.7 per share, representing 17% of the nominal value.

The Extraordinary General Assembly of the Company, in its meeting held on April 25, 2024, approved the Board's recommendation to distribute cash dividends to shareholders for the second half of the fiscal year 2023, amounting to SAR 10,200,000, distributed over 6,000,000 shares, with a dividend of SAR 1.7 per share, representing 17% of the nominal value. The Board was also authorized to distribute semi-annual and quarterly cash dividends to shareholders for the fiscal year ended December 31, 2024.

In its meeting No. (5) held on April 17, 2025, the Board of Directors recommended to the Extraordinary/Ordinary General Assembly to approve the split of the Company's nominal share value from SAR 10 per share to SAR 1 per share, as follows:

- Nominal value per share before the split: SAR 10
- Nominal value per share after the split: SAR 1
- Number of shares before the split: 6,000,000 shares
- Number of shares after the split: 60,000,000 shares
- The share split does not result in any change in the Company's capital, which remains unchanged before and after the split.

In the Extraordinary General Assembly meeting held on November 11, 2025, the shareholders voted on the Board's recommendation to increase the Company's capital by issuing bonus shares as follows:

- Capital before the increase: SAR 60,000,000
- Capital after the increase: SAR 75,000,000
- Percentage increase in capital: 25%
- Number of shares after the increase: 75,000,000 shares
- Method of coverage: capitalization of SAR 15,000,000 from retained earnings
- Increase ratio: one bonus share for every four existing shares
- Purpose of the increase: to support and strengthen the Company's strategic growth plan, finance future expansions, and reinforce its financial position and solvency.

On August 4, 2024, the company's Board of Directors, based on prior authorization from the General Assembly in its meeting held on April 25, 2024, decided to distribute semi-annual and quarterly cash dividends to the company's shareholders. Accordingly, the Board of Directors approved a cash dividend distribution for the first half of the 2024 fiscal year amounting to SAR 10,200,000, distributed over 6,000,000 shares, with a dividend of SAR 1.7 per share, representing 17% of the nominal value.

The Extraordinary General Assembly of the company, in its meeting held on April 25, 2024, approved the Board of Directors' recommendation to distribute cash dividends to shareholders for the second half of the 2023 fiscal year, amounting to SAR 10,200,000, distributed over 6,000,000 shares, with a dividend of SAR 1.7 per share, representing 17% of the nominal value. The General Assembly also authorized the Board of Directors to distribute semi-annual and quarterly cash dividends to the company's shareholders for the fiscal year ending on December 31, 2024.

17. Statutory reserve:

The Company announced the results of the Board of Directors meeting held on September 7, 2025, approving the transfer of the statutory reserve balance amounting to SAR 7,877,149 to retained earnings as of December 31, 2025, in accordance with the amendments to the Companies Law.

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18. Employees define benefit obligations:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Movement in provision during the year		
Balance at the beginning of the year	1,527,229	1,509,227
Charged to profit and loss:		
Current service cost	191,661	258,431
Interest cost	75,347	65,795
Charged to other comprehensive income		
Actuarial Losses (gain) from remeasurement of employees' defined benefits	29,927	(73,477)
Net charged to other comprehensive income	1,824,164	1,759,976
Benefits Paid during the year	(117,354)	(232,747)
Balance at the end of the year	1,706,810	1,527,229

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Assumptions used for calculating the provision are as follows:		
Discount rate	%5.3	5.7%
Salary increases rate	%5.0	%5,00
Staff turnover rate	Medium	Medium

Sensitivity analysis of significant actuarial assumptions:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Key actuarial assumptions:	1,647,208	1,467,625
Discount rate +1%	1,529,715	1,361,919
Discount rate -1%	1,784,914	1,591,506
Salary increase rate +1%	1,791,450	1,597,790
Salary increase rate -1%	1,522,020	1,354,729
Withdrawal rate +10%	1,631,341	1,454,834
Withdrawal rate -10%	1,664,607	1,481,530
Mortality rate +10%	1,647,092	1,467,619
Mortality rate -10%	1,647,324	1,467,632

19. payables and other credit balances:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Advance payments from customers	5,691,262	4,491,038
Employees accrued expenses	1,133,173	678,080
Travel tickets and accrued vacations	57,633	91,546
Zakat, Tax and Customs Authority - VAT	152,801	423,095
	119,024	-
Total	7,153,893	5,683,759

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20. Zakat provision:

Zakat position:

The Company submitted its consolidated Zakat returns, including those of its subsidiary, to the Zakat, Tax and Customs Authority up to the fiscal year 2023, and obtained a certificate from the Zakat, Tax and Customs Authority valid until 03/11/1447H corresponding to April 30, 2026. No final assessments have been issued by the Authority to date.

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Net profit for the year	12,187,382	7,912,113
Additions	-	-
Adjusted net profit	12,187,382	7,912,113

The significant components of the zakat base are as follows:

Total base	99,120,448	88,224,746
Total discount of the base	(38,203,875)	(32,461,656)
The net zakat base estimated	60,916,573	55,763,093
Zakat 2.5%	1,570,237	1,441,334

Zakat provision movement:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Balance at the beginning of the year	1,441,334	1,895,862
Zakat paid during the year	(1,441,334)	(1,895,862)
Zakat for year	1,570,237	1,441,334
Balance at the end of the year	1,570,237	1,441,334

21. Revenues:

The Group's principal activity consists of the sale and installation of marble and natural stone, including cutting, shaping, processing, and finishing of marble of various types and sizes, and selling it in the local market. In addition, the Group undertakes the supply of marble products for commercial, residential, and infrastructure projects.

The Company also generates additional revenue from marble and granite installation works for projects and customers, whether linked to supply transactions or provided as separate services, in accordance with contracts entered into with customers.

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Installation Revenue	2,505,601	3,117,449
Marble revenues	38,906,811	41,417,534
	41,412,412	44,534,983

All sales arise from the sale and installation of marble to independent customers, and the relationship with them is based on direct orders and purchase orders.

There are no sales channels; rather, there are branches for displaying goods to customers, after which the goods are delivered at times suitable to the customer.

The Company has disaggregated revenue from contracts with customers into installation revenue and marble sales revenue, in a manner that reflects the nature of the revenue, the timing of its recognition, and its impact on cash flows, in accordance with paragraphs 114 and 115 of IFRS 15:

- Marble installation revenue is recognized over time based on the stage of completion of the work.
- Marble sales revenue is recognized at a point in time upon delivery of the products.

The nature and timing of cash flow collection from product sales differ from those related to installation services, as the latter are subject to varying execution periods in accordance with contract terms.

- **Contract Balance**

The following table provides information on trade receivables and customer advances.

	<u>Note</u>	<u>December 31, 2025</u>	<u>December 31, 2025</u>
Trade receivables – total	11	3,896,002	5,362,793
Contract liabilities (customer advances)	19	5,691,262	4,491,038

- Contract liabilities primarily relate to advance payments received from customers prior to the delivery of goods. An amount of SAR 3.3 million, recorded as customer advances as of 31 December 2024, was recognized as revenue in 2025 (2024: SAR 1.5 million).

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22. Cost of revenues:

	<u>Note</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Cost of goods sold		8,768,107	12,052,772
Provision for impairment in value of inventory		(641,621)	5,412,123
Operation expenses		3,717,957	3,258,999
Salaries and employees' benefits		2,034,766	1,912,539
Depreciation of property, plant and equipment	(7)	1,743,924	1,899,902
Commission and Bonus		280,829	203,400
Employees define benefit		77,867	80,821
Transfer, shipping, and customs expenses		55,020	26,822
		<u>16,036,849</u>	<u>24,847,378</u>

23. Selling and distribution expenses:

	<u>Note</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Commissions and Bonus		1,704,548	1,462,915
Salaries and employees' benefits		1,204,989	881,000
Marketing expanses		501,974	570,778
Benefits of specific employees		35,869	37,230
		<u>3,447,380</u>	<u>2,951,923</u>

24. General and administrative expenses:

	<u>Note</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Salaries and employees' benefits		2,179,892	2,660,122
Amortization of Right of use	(8)	1,935,958	1,103,794
Depreciation of property, plant and equipment	(7)	1,418,870	1,023,025
Board of Directors and Committees' Members Bonus and Attendance Allowances	(24)	1,075,000	970,000
Commissions and Bonus		399,812	892,368
Social insurance		421,714	477,885
Consultations and Legal fees		606,116	464,460
Maintenance		649,820	463,389
Medical insurance		179,371	203,435
Residencies		224,313	176,628
Water, electricity and utilities		215,549	170,654
Fuels		194,617	143,296
Employees define benefit		77,925	140,379
Phone and Email		146,098	137,445
Fees & Subscription		237,027	134,616
Stationary		96,501	66,236
Bank commissions		22,961	45,831
Other		44,875	-
		<u>10,126,419</u>	<u>9,273,563</u>

25. Other income:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Deposits interest income	121,528	376,181
Support for the National Employment Portal (Netaqat)*	59,500	144,050
Revenue from Scrap Sales	2,622	9,348
	<u>183,650</u>	<u>529,579</u>

*These grants represent support for the National Employment Portal (Netaqat) affiliated with the Human Resources Development Fund to support employment.

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26. Capital Commitments and Contingent Liabilities:

The Group does not have bank facilities in the form of letters of guarantee or letters of credit issued by commercial banks, nor does it have any capital commitments for the acquisition of property, plant, and equipment.

27. Segment information:

The group operates in the interior design, marble works, supply and installation, and retail sale of marble and natural and artificial stone. The Company operates as a single operating segment and conducts its activities within the Kingdom of Saudi Arabia. Management monitors the results of the Company's operations as a whole for the purpose of making decisions about resource allocation and performance assessment. Accordingly, no separate segment information has been presented.

28. Earnings per share:

The basic earnings per share were calculated by dividing the profit of the year on the weighted average of the number of existing shares.

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Net profit for the year	10,587,218	6,544,256
Number of shares	<u>75,000,000</u>	<u>75,000,000</u>
Earnings per share from net profit for the year	<u>,14</u>	<u>,09</u>

The calculation of basic and diluted earnings per share is based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding. Earnings per share for the period ended December 31, 2025 were calculated based on the weighted average number of shares outstanding at the end of the period. Diluted earnings per share is the same as basic earnings per share, as the Company does not have any convertible instruments or dilutive financial instruments.

The weighted average number of shares as at December 31, 2024 has been adjusted retrospectively to align with the weighted average number of shares after the share split and the issuance of bonus shares during the period, as disclosed in Note (16), in accordance with IAS 33 as endorsed in the Kingdom of Saudi Arabia (Earnings per Share).

29. Related parties' disclosure:

- Compensation for senior management employees

Transactions with related parties primarily consist of salaries, allowances, and compensation of key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Company, directly or indirectly, including members of the Board of Directors and shareholders (whether executive or otherwise). The salaries, wages, and related benefits for the year ended December 31 include the following:

	Nature of relationship	Type of transaction	The volume of transactions during the year	
			<u>2025</u>	<u>2024</u>
Senior management employees	Employees	Salaries, benefits and rewards	3,386,995	2,572,340
Board of Directors	Board of Directors and Committees' Members Bonus and Attendance Allowances	Bonus and Attendance Allowances	1,075,000	970,000

- Financial transactions with related parties:

Related party	Nature of relationship	Type of transaction	The volume of transactions during the year	
			<u>2025</u>	<u>2024</u>
Ahmed Abdullah Abdulrahman Al-Kharashi	Shareholder	Rent.	1,700,000	641,913

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30. Financial instruments-fair value and risk management:

Fair value risk:

Fair value represents 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.

When measuring fair value, the Group assumes that the transaction takes place in the normal course of business and on a going concern basis, without any intention or need to liquidate or significantly curtail its operations or to undertake the transaction on unfavorable terms.

A financial instrument is considered quoted in an active market if quoted prices are readily and regularly available from market participants such as brokers, dealers, pricing services, or regulatory agencies, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

When measuring fair value, the Group uses observable market inputs to the maximum extent possible. Fair value measurements are categorized into a fair value hierarchy based on the inputs used in valuation techniques as follows:

Level 1:

Quoted (unadjusted) prices in active markets for identical assets or liabilities that are accessible at the measurement date.

Level 2:

Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (such as prices) or indirectly (derived from prices).

Level 3:

Unobservable inputs for the asset or liability, i.e., those not based on observable market data.

Type of Financial Instrument	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial Assets:-					
Financial assets at fair value through profit or loss (FVTPL)	10,000	10,000	10,000	-	-
Cash and cash equivalents	1,146,657	1,146,657	10,000	-	-
Time deposits	10,121,528	10,121,528	-	10,121,528	-

Year Ended 2024

Type of Financial Instrument	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial Assets:-					
Financial assets at fair value through profit or loss (FVTPL)	2,583,068	2,583,068	2,583,068	-	-
Cash and cash equivalents	4,507,860	4,507,860	4,507,860	-	-
Time deposits	-	-	-	-	-

Commission rate risk

This represents the risk arising from the impact of changes in market commission rates on the Company's financial position and cash flows. As at December 31, 2025, the Company does not have significant financial assets or liabilities bearing variable commission rates. The Company manages its cash flows by monitoring the timing of cash inflows and cash outflows.

Foreign currency risk

This is the risk of changes in the value of financial instruments due to fluctuations in foreign currency exchange rates. Management monitors foreign exchange rate volatility and believes that the Company is not significantly exposed to foreign exchange risk, as the Company's functional currency is the Saudi Riyal, which is currently stable and fluctuates minimally against the U.S. Dollar.

Credit risk

These represent the risk of other parties failing to meet their obligations to the Company, which could result in a financial loss. The financial instruments that may expose the Company to credit concentration risk primarily consist of cash balances and receivables. The Company deposits its cash balances across a number of financial institutions with high creditworthiness and follows a policy to limit the amount of balances held with each institution. The Company does not consider there to be significant credit risk in these financial institutions, as follows:

	Note	December 31, 2025	December 31, 2024
Cash at bank		1,146,656	4,507,860
Trade receivables		4,449,092	5,915,883
Other receivables		3,150,468	5,845,003
Time Deposits		10,121,528	-
Financial assets at fair value		10,000	2,583,068

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30. Financial instruments-fair value and risk management (continued):

- The Group seeks to manage credit risk related to banks by dealing only with reputable banks with a good credit rating. Regarding credit risk arising from the Group's financial assets, including receivables from employees and bank balances, the Group's exposure to credit risk arises from the counterparty's failure to settle, with the maximum exposure equal to the carrying amount of these assets in the consolidated statement of financial position.

The Group manages credit risk related to its receivables from customers by monitoring them in accordance with established policies and procedures, which include setting credit limits and periodic aging reviews of receivables.

The Group's management identifies credit risk through regular monitoring to assess creditworthiness and monthly reviews of the aging analysis of trade receivables. Customers are classified into groups based on their credit characteristics to monitor customer credit risk effectively.

The Company has recognized a provision for expected credit losses, which amounted to SAR 553,090 as of 31 December 2025. The aging of trade receivables as of the reporting date is as follows:

	<u>December 31,2025</u>	<u>December 31, 2024</u>
From 1 Day to 30 Day	1,954,111	2,410,946
From 31 Day to 60 Day	-	1,233,699
From 61 Day to 90 Day	1,642	28,573
From 91 Day to 180 Day	313,976	937,147
From 181 Day to 360 Day	1,441,647	875,149
More than 360 Day	737,716	430,369
	<u>4,449,092</u>	<u>5,915,883</u>

Liquidity risk

Liquidity risk is the risk that the Company may face difficulties in obtaining funds to meet its obligations related to financial instruments. The Group manages liquidity by regularly ensuring that sufficient funds are available to meet any future obligations and believes it is not exposed to significant liquidity risks.

As of December 31, 2025, the consolidated statement of financial position shows that current assets exceeded current liabilities by SAR 59 million, resulting in a current ratio of 7.75, indicating strong liquidity.

The table below summarizes the contractual, undiscounted cash flows of the Group's financial liabilities by maturity date:

<u>2025</u>	Carrying amount	Contractual cash flows	Less than one year	One to five years	More than five years
Trade payables	635,910	635,910	635,910	-	-
Other payables and accrued liabilities	1,190,806	1,190,806	1,190,806	-	-
Lease liabilities	41,265	41,265	41,265	-	-
	1,867,981	1,867,981	1,867,981	-	-

<u>2024</u>	Carrying amount	Contractual cash flows	Less than one year	One to five years	More than five years
Trade payables	118,984	118,984	118,984	-	-
Other payables and accrued liabilities	769,725	5,683,759	5,683,759	-	-
Lease liabilities	61,789	61,789	61,789	-	-
	950,498	950,498	950,498	-	-

Commodity price risk

Commodity price risk refers to the potential impact on the Group's results of operations or cash flows due to fluctuations in the prices of certain raw materials and goods used in its operations.

These risks mainly arise from changes in the prices of raw materials and merchandise purchased by the Group for operational use. The management monitors commodity price developments regularly and seeks to mitigate the impact of price fluctuations through procurement management, negotiation with suppliers, and maintaining appropriate inventory levels when suitable.

The Group does not use derivative financial instruments to hedge against commodity price risks.

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30. Financial instruments-fair value and risk management (continued):

Capital Management:

The Board of Directors' policy is to maintain a sufficient capital base to preserve the confidence of investors, creditors, and the market, and to support the ongoing development of the Group's activities. The Board monitors the return on capital employed and the level of dividends distributed to ordinary shareholders.

The Group's objectives in managing capital are to:

- 1) Protect the Group's ability to continue as a going concern, ensuring it can continue to provide returns to shareholders and benefits to other stakeholders.
- 2) Provide an adequate return to shareholders.

Like other companies in the industry, the Group monitors capital based on the debt-to-equity ratio. This ratio is calculated by dividing net debt by adjusted shareholders' equity.

31. Subsequent events

Prior to the approval of this financial statements, the region experienced escalating geopolitical tensions and military developments that affected some areas of the Gulf. These events occurred after December 31, 2025, and are therefore considered non-adjusting events under International Accounting Standard 10 "Events After the Reporting Period." Accordingly, no adjustments have been made to the attached financial statements for the year ended December 31, 2025. Management has assessed the potential impact of these developments on the Group's operations, supply chains, financial position, and liquidity. The Group continues to closely monitor the evolving situation with respect to its activities.

Although the Group has not experienced any material operational disruptions as of the date of approval of these financial statements, the escalation could affect the broader economic and operational environment in which the Group operates.

Potential areas of impact may include:

- Disruptions in supply chains and logistics services;
- Fluctuations in demand within certain sectors;
- Increased credit risk, which may affect the estimates of expected credit losses under IFRS 9 "Financial Instruments";
- Indicators of potential impairment of non-financial assets under IAS 36 "Impairment of Assets";
- Possible pressures on liquidity and fulfillment of financial commitments under certain scenarios.

As of the date of approval of these financial statements, management concluded that these developments do not affect the Group's ability to continue as a going concern. However, given the evolving geopolitical situation and associated uncertainties, management will continue to monitor developments and assess any potential financial impacts in future reporting periods.

32. Approval of the Consolidated financial statements:

The attached consolidated financial statements for the year ended December 31, 2025, were approved by the Company's Board of Directors on 25 Ramadan 1447 AH (corresponding to March 14, 2026).