WATANI IRON STEEL COMPANY
(A Saudi Joint Stock Company)
Interim Condensed Financial Statements
For the three-month and six-month periods ended 30 June 2026
And the Independent Auditor's Review Report

Independent Auditor's Review Report on the Interim Condensed Financial Statements (1/1)

To the Shareholders of Watani Iron Steel Company
(A Saudi Joint Stock Company)
Riyadh, Kingdom of Saudi Arabia

INTRODUCTION

We have reviewed the accompanying interim statement of financial position of Watani Iron Steel Company (the "Company") as at 30 June 2026, and the related interim statements of profit or loss and other comprehensive income for the three-month and six-month periods then ended, and the interim statements of changes in equity and cash flows for the six-month period then ended, and the other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting", as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with the International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

OTHER MATTER

The Company's interim condensed financial statements for the three-month and six-month periods ended 30 June 2025 were reviewed by another auditor, who expressed an unmodified conclusion thereon dated 18 Safar 1447H (corresponding to 12 August 2025). In addition, the Company's financial statements for the year ended 31 December 2025 were audited by another auditor in accordance with International Standards on Auditing as endorsed in the Kingdom of Saudi Arabia, who expressed an unmodified opinion thereon dated 23 Ramadan 1447H (corresponding to 12 March 2026).

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements as at 30 June 2026 are not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia.

For Sultan Ahmed Alshubaily
Certified Public Accountant Company
Riyadh, Kingdom of Saudi Arabia

شركة سلطان أحمد الشبيلي محاسبون ومراجعون قانونيون
CR: 1010676810
Sultan Ahmed AlShubaily Ceterfied Public Accountants Company

Sultan Ahmed Alshubaily
Certified Public Accountant – License No. 600

Date: 22 Safar 1448H
Corresponding to: 5 August 2026

WATANI IRON STEEL COMPANY
(A Saudi Joint Stock Company)
Interim Condensed Statement of Financial Position
As at 30 June 2026
(All amounts are expressed in Saudi Riyals unless otherwise stated)

	Note	30 June 2026 (Unaudited)	31 December 2025 (Audited)
ASSETS			
Non-current Assets			
Property, plant and equipment	5	**243,952,675**	249,562,811
Intangible assets	6	**25,944,262**	25,944,262
Total Non-current Assets		**269,896,937**	275,507,073
Current Assets			
Inventory	8	**99,389,290**	71,318,674
Trade receivables	9	**24,699,390**	4,962,182
Prepayments and other current assets	10	**12,550,793**	3,883,991
Cash and cash equivalents	11	**3,087,993**	18,895,422
Total Current Assets		**139,727,466**	99,060,269
Total Assets		**409,624,403**	374,567,342
EQUITY AND LIABILITIES			
EQUITY			
Share capital	12	**181,650,000**	181,650,000
Optional Reserve		**18,235,056**	18,235,056
Re-measurement reserve of employee benefits		**(407,290)**	(407,290)
Retained earnings		**62,497,818**	36,670,333
Total Equity		**261,975,584**	236,148,099
LIABILITIES			
Non-current Liabilities			
Employees defined benefits obligation		**11,392,469**	9,899,268
Total Non-current Liabilities		**11,392,469**	9,899,268
Current Liabilities			
Short-term loans	13	**86,231,027**	71,146,092
Trade payables		**42,259,459**	47,702,286
Accrued expenses and other current liabilities	14	**7,431,191**	9,671,597
Provision for zakat	16	**334,673**	-
Total Current Liabilities		**136,256,350**	128,519,975
Total Liabilities		**147,648,819**	138,419,243
Total Equity and Liabilities		**409,624,403**	374,567,342

Chief Financial Officer	**Chief Executive Officer**	**Chairman of Board of Directors**
Mohamed Hamdy Ahmed	**Youssef Mohamed Al-Turaif**	**Abdulkarim Mohammed Al-Rajhi**

The accompanying notes (1) to (25) form an integral part of these interim condensed financial statements.

WATANI IRON STEEL COMPANY
(A Saudi Joint Stock Company)
Interim Condensed Statement of Profit or Loss and Other Comprehensive Income
For the three-month and six-month periods ended 30 June 2026
(All amounts are expressed in Saudi Riyals unless otherwise stated)

	Note	For the three-month period ended 30 June		For the six-month period ended 30 June	
		2026 (Unaudited)	2025 (Unaudited)	**2026 (Unaudited)**	2025 (Unaudited)
Revenues	17	**160,805,515**	96,275,310	**280,246,027**	214,467,459
Cost of revenue	18	**(130,371,760)**	(92,750,815)	**(240,775,666)**	(202,229,094)
Gross profit		**30,433,755**	3,524,495	**39,470,361**	12,238,365
Selling and marketing expenses		**(1,141,024)**	(364,844)	**(2,113,151)**	(858,453)
General and administrative expenses		**(4,030,921)**	(3,540,271)	**(8,092,835)**	(7,408,407)
Operating profit / (loss)		**25,261,810**	(380,620)	**29,264,375**	3,971,505
Finance costs	13	**(1,489,914)**	(1,460,338)	**(3,102,217)**	(2,825,397)
Net profit / (loss) for the period before zakat		**23,771,896**	(1,840,958)	**26,162,158**	1,146,108
Zakat	16	**(319,481)**	84,417	**(334,673)**	(29,624)
Net profit / (loss) for the period after zakat		**23,452,415**	(1,756,541)	**25,827,485**	1,116,484
Other Comprehensive Income Items:					
Items that will not be reclassified subsequently to the statement of profit or loss					
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		**23,452,415**	(1,756,541)	**25,827,485**	1,116,484
Earnings per Share:					
Basic and diluted earnings per share from net profit / (loss) for the period	20	**0.13**	(0.01)	**0.14**	0.01

Chief Financial Officer	**Chief Executive Officer**	**Chairman of Board of Directors**
Mohamed Hamdy Ahmed	**Youssef Mohamed Al-Turaif**	**Abdulkarim Mohammed Al-Rajhi**

The accompanying notes (1) to (25) form an integral part of these interim condensed financial statements.

WATANI IRON STEEL COMPANY
(A Saudi Joint Stock Company)
Interim Condensed Statement of Changes in Equity
For the six-month period ended 30 June 2026
(All amounts are expressed in Saudi Riyals unless otherwise stated)

	Share Capital	Optional Reserve	Re-measurement Reserve of Employee Benefits	Retained Earnings	Total
For the six-month period ended 30 June 2025					
Balance at 1 January 2025 (Audited)	181,650,000	18,235,056	(67,504)	51,538,221	251,355,773
Net profit for the period	-	-	-	1,116,484	1,116,484
Other comprehensive income for the period	-	-	-	-	-
Balance at 30 June 2025 (Unaudited)	181,650,000	18,235,056	(67,504)	52,654,705	252,472,257
For the six-month period ended 30 June 2026					
Balance at 1 January 2026 (Audited)	**181,650,000**	**18,235,056**	**(407,290)**	**36,670,333**	**236,148,099**
Net profit for the period	-	-	-	**25,827,485**	**25,827,485**
Other comprehensive income for the period	-	-	-	-	-
Balance at 30 June 2026 (Unaudited)	**181,650,000**	**18,235,056**	**(407,290)**	**62,497,818**	**261,975,584**

Chief Financial Officer
Mohamed Hamdy Ahmed

Chief Executive Officer
Youssef Mohamed Al-Turaif

Chairman of Board of Directors
Abdulkarim Mohammed Al-Rajhi

The accompanying notes (1) to (25) form an integral part of these interim condensed financial statements.

WATANI IRON STEEL COMPANY
(A Saudi Joint Stock Company)
Interim Condensed Statement of Cash Flows
For the six-month period ended 30 June 2026
(All amounts are expressed in Saudi Riyals unless otherwise stated)

	Note	For the six-month period ended 30 June **2026 (Unaudited)**	 2025 (Unaudited)
Cash flows from operating activities			
Net profit for the period before zakat		**26,162,158**	1,146,108
Adjustments for:			
Depreciation of property, plant and equipment	5	**5,941,527**	10,549,435
Provision for employees defined benefits obligation		**1,507,486**	728,601
Finance cost	13	**3,102,217**	2,825,397
		36,713,388	15,249,541
Changes in Working Capital:			
Inventory		**(28,070,616)**	(13,222,356)
Trade receivables		**(19,737,208)**	(2,331,551)
Prepayments and other current assets		**(8,666,802)**	(2,954,355)
Trade payables		**(5,442,827)**	6,071,117
Accrued expenses and other current liabilities		**(2,240,406)**	517,258
Cash (used in) / provided from operating activities		**(27,444,471)**	3,329,654
Payments of zakat provision	16	-	(255,060)
Payments of employees defined benefits obligation		**(14,285)**	(36,044)
Payments of interests and loan charges	13	**(3,017,282)**	(2,888,085)
Net cash (used in) / provided from operating activities		**(30,476,038)**	150,465
Cash flows from investing activities			
Additions to property, plant and equipment	5	**(331,391)**	(1,968,674)
Additions to projects under construction		-	(313,500)
Net cash used in investing activities		**(331,391)**	(2,282,174)
Cash flows from financing activities			
Proceeds from short-term loans	13	**132,000,000**	129,000,000
Repayment of short-term loans principal	13	**(117,000,000)**	(118,000,000)
Net cash provided from financing activities		**15,000,000**	11,000,000
Net change in cash and cash equivalent		**(15,807,429)**	8,868,291
Cash and cash equivalent at the beginning of the period		**18,895,422**	12,058,909
Cash and cash equivalent at the end of the period		**3,087,993**	20,927,200

Chief Financial Officer **Mohamed Hamdy Ahmed**	**Chief Executive Officer** **Youssef Mohamed Al-Turaif**	**Chairman of Board of Directors** **Abdulkarim Mohammed Al-Rajhi**

The accompanying notes (1) to (25) form an integral part of these interim condensed financial statements.

1- LEGAL STATUS AND ACTIVITY

Watani Iron Steel Company is a Saudi listed joint stock company. The Company commenced its commercial operations as a limited liability company on 23/8/1429H (corresponding to 24/8/2008), in accordance with the Companies Law in the Kingdom of Saudi Arabia, under unified national number 7001657688 and Commercial Registration No. 1010255409 issued in Riyadh.

The Company also operates under an industrial license issued by the Ministry of Industry and Mineral Resources under decision No. (451110133264), dated on 25/6/1445H (corresponding to 7/1/2024). The Company's activities consist of manufacturing primary iron products in the form of ingots produced from re-melting scrap materials, manufacturing sheets, plates, strip coils, bars, rods, angles, wires, and sections of all forms. The Company's activities, as stated in its Articles of Association, include carrying out and engaging in manufacturing industries.

On 11/7/1444H (corresponding to 2 February 2023), the Company amended its Articles of Association and changed its legal form to a listed Saudi joint stock company instead of a closed joint stock company.

On 17/11/1444H (corresponding to 6 June 2023), the Extraordinary General Assembly approved an increase in the Company's share capital to SAR 181,650,000, divided into 18,165,000 shares, through the capitalization of SAR 60,550,000 from retained earnings by granting one share for every two shares held.

On 23/3/1445H (corresponding to 8 October 2023), the Extraordinary General Assembly approved a stock split of the nominal value of the Company's shares, whereby the nominal value per share became SAR 1 after the adjustment.

As at the date of the accompanying interim condensed financial statements, the Company's share capital amounted to SAR 181,650,000, divided into 181,650,000 ordinary shares with a nominal value of SAR 1 per share.

The Company's head office is located in Heet District, Old Al-Kharj Road, P.O. Box 355355, Riyadh 11383, Kingdom of Saudi Arabia.

The interim condensed financial statements include the accounts of the Company and the following branch:

Branch	CR No.	CR Date.	City
Watani Iron Steel Company	1010909080	16 Muharram 1445H	Riyadh

2- BASIS OF PREPARATION

2-1 Statement of Compliance

These interim condensed financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting", as endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements approved by the Saudi Organization for Chartered and Professional Accountants (SOCPA) and it should be read in conjunction with the Company's latest annual financial statements for the year ended 31 December 2025.
These interim condensed financial statements do not include all information and disclosures required for a complete set of financial statements; however, selected accounting policies and explanatory notes have been included to explain significant events and transactions necessary for understanding the changes in the Company's financial position and performance since 31 December 2025.

2-2 Basis of Measurement

These interim condensed financial statements have been prepared under the historical cost basis, except for employee end-of-service benefits, which are recognized at the present value of future obligations using the projected unit credit method.

2-3 Functional and Presentation Currency

The interim condensed financial statements are presented in Saudi Riyals (SAR), which is both the Company's functional and presentation currency.

3- USE OF JUDGMENTS AND ESTIMATES

In preparing these interim condensed financial statements, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.
The significant estimates made by management in applying the company's accounting policies and the key sources of estimation uncertainty are consistent with those disclosed in the latest annual financial statements.

4- SIGNIFICANT ACCOUNTING POLICIES

4-1 New Standards, Amendments to Standards, and Interpretations

The new standards and amendments to standards disclosed in the Company's annual financial statements for the year ended 31 December 2025 remain unchanged.

IFRS 18, Presentation and Disclosure in Financial Statements, is the new standard governing the presentation and disclosure of financial statements. It replaces IAS 1, Presentation of Financial Statements, with a particular focus on updates to the statement of profit or loss. The key new concepts introduced by IFRS 18 include:

- A revised structure for the statement of profit or loss through the introduction of specified subtotals.
- A requirement to present expenses using the most useful structured summary in the statement of profit or loss, including the classification of income and expenses into operating, investing, financing, zakat, and discontinued operations categories.
- Disclosure requirements, within a single note to the financial statements, for certain profit or loss performance measures communicated outside the Company's financial statements (i.e., management-defined performance measures).
- Enhanced principles for aggregation and disaggregation that apply to both the primary financial statements and the accompanying notes.

The adoption of IFRS 18 is not expected to affect the Company's reported net profit, total comprehensive income, or equity. Its impact is expected to be limited to changes in the presentation and disclosure of the financial statements.

On 29 June 2026, the Capital Market Authority (CMA) announced that listed companies on the Saudi Exchange (Tadawul) are permitted to early adopt IFRS 18. Mandatory application of the standard is effective for annual reporting periods beginning on or after 1 January 2027. The CMA announcement also requires listed entities to disclose a preliminary assessment of the expected impact of the initial application of IFRS 18 in their approved interim and annual financial statements for periods beginning on or after 1 April 2026. Accordingly, the Company has performed a preliminary assessment of the expected impact of adopting IFRS 18, as presented below.

The Company has not early adopted IFRS 18 in preparing these interim condensed financial statements. The Company has developed an implementation plan under which it intends to prepare its first IFRS 18-compliant interim financial statements for the period ending 31 March 2027, and its first IFRS 18-compliant annual financial statements for the year ending 31 December 2027. The Company has also determined that it does not have a specified main business activity of investing in assets and/or providing financing to customers, as defined by IFRS 18. As part of its preliminary assessment, the Company evaluated the appropriate classification of items in the statement of profit or loss in accordance with the requirements of IFRS 18. The Company expects the following changes to the presentation and disclosure of its financial statements upon adoption of the standard IFRS 18.

a) Structure of the Statement of Profit or Loss and Other Comprehensive Income
The Company will present the two newly required subtotals, "Operating profit or loss" and "Profit or loss before financing and zakat", in the statement of profit or loss and other comprehensive income. However, the operating profit subtotal is not expected to differ from the operating profit subtotal currently presented by the Company. Based on the information currently available, the Company does not expect IFRS 18 to result in changes to the current structure of the statement of profit or loss and other comprehensive income.

4- SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4-1 New Standards, Amendments to Standards, and Interpretations (CONTINUED)

b) Management-defined Performance Measures

The Company is currently identifying the public communications that should be considered in determining management-defined performance measures. These performance measures relate to the same reporting period as the financial statements. Accordingly, the management-defined performance measures to be disclosed following the adoption of IFRS 18 will be determined based on the Company's public communications relating to the 2027 interim reporting period, and the Company will provide the relevant disclosures in the notes to the financial statements as required by IFRS 18.

c) Aggregation and Disaggregation Principles

IFRS 18 introduces enhanced principles governing how information is aggregated and disaggregated in the financial statements, including both the primary financial statements and the accompanying notes. It also provides guidance on the naming and description of line items presented in the primary financial statements or disclosed in the notes.

The Company is currently assessing the aggregation of line items based on their similar and dissimilar characteristics. Based on this assessment, the Company will present line items in the primary financial statements that provide structured and useful summaries while disclosing additional material information in the accompanying notes.

The Company is also reviewing items currently presented under the caption "Other" and intends to use more descriptive captions upon adoption of the standard.

d) Consequential Amendments

IFRS 18 introduced consequential amendments to IAS 7, Statement of Cash Flows, requiring entities to use the new subtotal "Operating profit or loss" as the starting point for preparing the statement of cash flows under the indirect method.

The Company currently uses profit for the year/period before zakat as the starting point for reconciling to cash flows from operating activities. As a result of the new starting point, certain reconciliation items included within this reconciliation will change.

The consequential amendments also provide specific guidance on the classification of cash flows relating to interest. Under these requirements, the Company will classify cash flows relating to interest paid as financing activities instead of operating activities.

(All amounts are expressed in Saudi Riyals unless otherwise stated)

5-PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings & Structures	Plant & Equipment	Computers	Vehicles	Tools & Equipment	Furniture & Fixtures	Total
Cost								
Balance as at 1 January 2026 (Audited)	**17,434,558**	**52,066,651**	**361,142,279**	**1,582,532**	**2,759,028**	**817,012**	**2,014,541**	**437,816,601**
Additions during the period	**-**	**-**	**105,000**	**183,802**	**-**	**12,960**	**29,629**	**331,391**
Balance as at 30 June 2026 (Unaudited)	**17,434,558**	**52,066,651**	**361,247,279**	**1,766,334**	**2,759,028**	**829,972**	**2,044,170**	**438,147,992**
Accumulated Depreciation								
Balance as at 1 January 2026 (Audited)	**-**	**17,204,216**	**165,124,203**	**1,425,611**	**2,027,867**	**680,723**	**1,791,170**	**188,253,790**
Charged for the period	**-**	**585,956**	**5,145,883**	**37,665**	**104,723**	**23,003**	**44,297**	**5,941,527**
Balance as at 30 June 2026 (Unaudited)	**-**	**17,790,172**	**170,270,086**	**1,463,276**	**2,132,590**	**703,726**	**1,835,467**	**194,195,317**
Net Book Value								
As at 30 June 2026 (Unaudited)	**17,434,558**	**34,276,479**	**190,977,193**	**303,058**	**626,438**	**126,246**	**208,703**	**243,952,675**

Depreciation expense was allocated as follows:

	30 June 2026 (Unaudited)	30 June 2025 (Unaudited)
Manufacturing costs (for production)	**5,684,059**	10,343,343
Selling and marketing expenses	**173,907**	84,257
General and administrative expenses	**83,561**	121,835
	5,941,527	10,549,435

(All amounts are expressed in Saudi Riyals unless otherwise stated)

5-PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Land	Buildings & Structures	Plant & Equipment	Computers	Vehicles	Tools & Equipment	Furniture & Fixtures	Total
Cost								
Balance as at 1 January 2025 (Audited)	17,434,558	44,871,926	359,486,909	1,453,056	2,112,514	742,601	1,877,857	427,979,421
Additions during the year	-	-	2,023,450	129,476	646,514	74,411	136,684	3,010,535
Transferred from projects under construction (Note 7)	-	7,194,725	-	-	-	-	-	7,194,725
Disposals during the year	-	-	(368,080)	-	-	-	-	(368,080)
Balance as at 31 December 2025 (Audited)	17,434,558	52,066,651	361,142,279	1,582,532	2,759,028	817,012	2,014,541	437,816,601
Accumulated Depreciation								
Balance as at 1 January 2025 (Audited)	-	15,510,321	151,159,967	1,378,295	1,740,714	611,658	1,678,298	172,079,253
Charged for the year	-	1,693,895	14,332,314	47,316	287,153	69,065	112,872	16,542,615
Disposals during the year	-	-	(368,078)	-	-	-	-	(368,078)
Balance as at 31 December 2025 (Audited)	-	17,204,216	165,124,203	1,425,611	2,027,867	680,723	1,791,170	188,253,790
Net Book Value								
As at 31 December 2025 (Audited)	17,434,558	34,862,435	196,018,076	156,921	731,161	136,289	223,371	249,562,811

(All amounts are expressed in Saudi Riyals unless otherwise stated)

5- PROPERTY, PLANT AND EQUIPMENT, NET (CONTINUED)

The Company periodically reviews depreciation methods, useful lives, and residual values of property, plant, and equipment. During the second half of 2025, the Company performed a study of the useful lives, residual values, and expected economic benefits of the main classes of property, plant, and equipment, with the assistance of an independent expert. Based on the study results, the maximum estimated useful life of the buildings and structures category was revised to extend up to 45 years, depending on the sub-classification of each asset within this category. In addition, the maximum estimated useful life of the plant and equipment category was revised to extend up to 45 years, depending on the sub-classification of each asset. As a result, depreciation expense for the current period decreased by SAR 2,405,407 compared to SAR 4,810,814 for the year 2025.

The estimated useful lives of these assets were revised as follows:

Asset category	**Years**
Buildings and structures	30 to 45
Plant and equipment	15 to 45
Computers	4
Vehicles	4
Tools and equipment	5 to 7
Furniture and fixtures	4 to 7

6- INTANGIBLE ASSETS

	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Electrical service connection station*	**25,908,637**	25,908,637
Engineering design software	**35,625**	35,625
	25,944,262	25,944,262

*Intangible assets include the electrical service connection station, for which the Company entered into an agreement with the Saudi Electricity Company dated 12 Dhu al-Qi'dah 1431H, corresponding to 20 October 2010, for the provision of electrical service to supply the Watani Iron Steel Company's factory throughout the operating life of the plant. The intangible assets do not have a finite useful life; therefore, the Company performs an annual impairment test to ensure that there is no indication of impairment. The assessment resulted in no evidence of impairment in intangible assets as at 31 December 2025.

7- PROJECTS UNDER CONSTRUCTION

During 2025, the Company incurred additions to projects under construction amounting to SAR 313,500, representing a new branch of the Company's main commercial registry in Riyadh, Al-Masfah District, to carry out new commercial activities including wholesale and retail trading of wood, cork, plastic products, and metallic and iron blocks.
During the second quarter of 2025, the projects under construction were completed and the related construction costs were capitalized under property, plant and equipment (buildings and structures) amounting to SAR 7,194,725.

	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Construction and industrial supplies	-	3,979,457
Construction and industrial works	-	2,504,333
Public safety systems	-	710,935
Transferred to property, plant and equipment (Note 5)	-	(7,194,725)
	-	-

(All amounts are expressed in Saudi Riyals unless otherwise stated)

7- PROJECTS UNDER CONSTRUCTION (CONTINUED)

The movement in projects under construction was as follows:

	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Balance at beginning of the period / year	-	6,881,225
Additions during the period / year	-	313,500
Transferred to property, plant and equipment (Note 5)	-	(7,194,725)
	-	-

8- INVENTORY

	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Finished goods	**47,111,961**	25,623,075
Work in progress	**22,177,022**	12,197,690
Spare parts and supplies	**17,962,689**	17,704,533
Raw materials	**12,137,618**	15,793,376
	99,389,290	71,318,674

9- TRADE RECEIVABLES

	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Trade receivables	**24,699,390**	4,962,182
Expected credit loss allowance	-	-
	24,699,390	4,962,182

9-1The aging analysis of trade receivables is as follows:

	30 June 2026 (Unaudited)	31 December 2025 (Audited)
1 to 90 days	**23,072,709**	4,247,472
91 to 180 days	**1,626,681**	436,425
More than 180 days	**-**	278,285
	24,699,390	4,962,182

9-2Movement in expected credit loss allowance for trade receivables is as follows:

	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Balance at beginning of the period / year	-	1,340,325
Charged during the period / year	-	2,680,650
Used during the period / year*	-	(4,020,975)
	-	-

(All amounts are expressed in Saudi Riyals unless otherwise stated)

10- PREPAYMENTS AND OTHER CURRENT ASSETS

	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Advances to suppliers	**11,369,163**	673,270
Prepaid insurance	**611,296**	931,774
Employee advances and petty cash	**238,071**	247,293
Prepaid rent	**163,833**	53,833
Prepayments	**141,536**	176,786
VAT receivable	-	1,752,104
Others	**26,894**	48,931
	12,550,793	3,883,991

11- CASH AND CASH EQUIVALENTS

	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Cash at banks	**3,026,319**	18,810,038
Cash on hand	**61,674**	85,384
	3,087,993	18,895,422

12- SHARE CAPITAL

The Company's authorized and paid-up share capital amounted to SAR 181.65 million as at 30 June 2026 (2025: SAR 181.65 million), divided into 181.65 million shares (2025: 181.65 million shares) with a nominal value of SAR 1 per share.

13- SHORT-TERM LOANS

The Company has revolving credit facilities limits with local banks with totaling SAR 110.5 million. During the year, these facilities were utilized up to SAR 132 million, and the outstanding balance amounted to SAR 86.23 million as at 30 June 2026 (2025: SAR 71.15 million) with several local banks. These facilities include financing in the form of deferred sale financing, Musharaka, Murabaha, and tawarruq financing, as well as letters of credit facilities, letters of guarantee, and foreign currency purchase under Islamic Murabaha pricing arrangements agreed with the banks.

Some of these loans and credit facilities contain financial covenants. Breach of these covenants may result in renegotiation with lenders. These covenants are monitored regularly by management. In case of actual or potential breach, management takes appropriate actions to ensure compliance.

The Company provides guarantees for these loans and credit facilities in the form of promissory notes totaling SAR 117.2 million. The movement in borrowings during the period/year is as follows:

	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Balance at beginning of the period / year	**71,146,092**	64,158,681
Proceeds during the period / year	**132,000,000**	242,000,000
Finance costs charged during the period / year	**3,102,217**	5,836,512
Repayment of principal during the period / year	**(117,000,000)**	(235,000,000)
Repayment of finance interests and expenses during the period / year	**(3,017,282)**	(5,849,101)
Balance at the end of the period / year	**86,231,027**	71,146,092

(All amounts are expressed in Saudi Riyals unless otherwise stated)

14- ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Advances from customers	**3,401,757**	5,935,238
Employee benefits payable	**1,922,666**	1,801,197
Board, committees and executive management remuneration	**964,500**	1,723,000
VAT	**591,328**	-
Accrued wages and allowances	**382,695**	56,465
Social insurance	**168,245**	154,910
Others	-	787
	7,431,191	9,671,597

15- RELATED PARTY TRANSACTIONS AND BALANCES

a) Related Parties:
Related parties include major shareholders, members of the Board of Directors, key management personnel of the Company, and companies in which they hold significant interests or exercise control or significant influence.

b) Key Management Personnel:
Transactions with related parties consist of salaries, remuneration and allowances of Board members, committees, and executive management during the period between the Company and the Board of Directors, committees, and executive management.

Transactions with key management personnel are as follows:

	For the six-month period ended 30 June 2026		For the six-month period ended 30 June 2025	
	Board & Committees	**Executive Management**	Board & Committees	Executive Management
Board, committees and executive management remuneration	**692,500**	**100,000**	777,500	100,000
Board and committee attendance allowances	**72,000**	-	93,000	-
Salaries, wages and equivalents	-	**1,457,172**	-	1,427,250
Employee end-of-service benefits	-	**228,319**	-	77,634
	764,500	**1,785,491**	870,500	1,604,884

(All amounts are expressed in Saudi Riyals unless otherwise stated)

16- PROVISION FOR ZAKAT

On 19 Shaaban 1445H (corresponding to 29 February 2025), the Executive Regulations for Zakat Collection 1445H were issued under Ministerial Resolution No. (1007), which included significant amendments to the methodology for calculating Zakat which became effective for financial years beginning on or after 1 January 2025. Accordingly, the Zakat provision has been calculated in accordance with the new methodology prescribed in the regulations. The Company continues to monitor any updates related to the application of the regulations and will disclose any material impacts in accordance with regulatory requirements.

a) Zakat Base:

	For the six-month period ended 30 June	
	2026 (Unaudited)	2025 (Unaudited)
Additions	**291,196,161**	261,444,090
Deductions	**(287,859,626)**	(260,294,841)
Minimum Zakat Base	**26,182,158**	1,149,249
Zakat Payable	**334,673**	29,624

b) Movement in Zakat Provision:

	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Balance at beginning of the period/year	-	261,828
Charged for the period/year	**334,673**	-
Adjustments arising from Zakat assessment (Note 16-c)	-	485
Zakat adjustments	-	(6,768)
Paid during the period/year	-	(255,545)
Balance at end of the period/year	**334,673**	-

c) Zakat Status:

The company has submitted its zakat declarations to the Zakat, Tax and Customs Authority ("ZATCA") up to the year ended 31 December 2025. The company obtained a valid zakat certificate expiring on 23 Dhu Al-Qi'dah 1448H corresponding to 30 April 2027. The company's Zakat assessment for the year 2024 resulted in an additional liability of SAR 485, which has been settled. During the subsequent period, the company received a request from ZATCA to provide additional data for the purpose of zakat assessment of zakat declaration for the year 2025 (Note 24).

17- REVENUE

	Basis of recognition	For the three-month period ended 30 June		For the six-month period ended 30 June	
		2026 (Unaudited)	2025 (Unaudited)	**2026 (Unaudited)**	2025 (Unaudited)
Steel sales	At point in time	**160,805,515**	96,275,310	**280,246,027**	214,467,459
		160,805,515	96,275,310	**280,246,027**	214,467,459

(All amounts are expressed in Saudi Riyals unless otherwise stated)

18- COST OF REVENUE

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2026 (Unaudited)	2025 (Unaudited)	**2026 (Unaudited)**	2025 (Unaudited)
Consumable supplies	**115,307,294**	79,582,749	**204,175,312**	166,323,087
Energy costs	**6,777,509**	5,649,916	**18,027,204**	15,039,013
Salaries, wages and equivalents	**4,015,830**	3,937,218	**9,810,363**	8,946,734
Maintenance, repairs and spare parts	**2,196,662**	1,786,700	**4,546,814**	4,598,049
Depreciation of property, plant and equipment	**2,104,491**	4,330,007	**5,058,431**	9,444,274
Reversal of provision for inventory write-down	-	(1,425,000)	-	**-**
Other manufacturing expenses	**677,175**	889,833	**1,286,055**	1,359,580
Less: Proceeds from sale of production waste	(707,201)	(756,775)	(1,684,178)	(959,522)
Less: Proceeds from sale of steel scrap	-	(1,243,833)	(444,335)	(2,522,121)
	130,371,760	**92,750,815**	240,775,666	202,229,094

19- CAPITAL COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

a) Capital Commitments

As at 30 June 2026, the Company has capital commitments amounting to SAR 135,000, relating to the supply and installation of pollution control equipment and a monitoring system for the factory chimneys (31 December 2025: SAR 315,000).

b) Contingent Asset

As at 30 June 2026, the Company has a contingent asset amounting to SAR 2,784,508 (2025: SAR 2,784,508), representing the recovery of amounts paid for the acquisition of Salman J. Al-Jawhar Scrap Smelting Factory. This is based on a letter from the liquidator of Salman J. Al-Jawhar Scrap Smelting Factory, due to the inability to transfer ownership of the factory from Salman J. Al-Jawhar Scrap Smelting Factory to Watani Iron Steel Company.

c) Contingent Liabilities

The Company has no contingent liabilities as at 30 June 2026.

20- BASIC AND DILUTED EARNINGS PER SHARE

Diluted earnings per share is calculated by dividing the profit attributable to the shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, plus the weighted average number of ordinary shares that would be issued upon conversion of all dilutive potential ordinary shares.

Diluted earnings per share is equal to basic earnings per share, as the Company does not have any financial instruments with a dilutive effect.

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2026 (Unaudited)	2025 (Unaudited)	**2026 (Unaudited)**	2025 (Unaudited)
Net profit / (loss) attributable to ordinary shareholders	**23,452,415**	**(1,756,541)**	**25,827,485**	1,116,484
Weighted average number of ordinary shares issued	**181,650,000**	181,650,000	**181,650,000**	181,650,000
	0.13	**(0.01)**	**0.14**	0.01

(All amounts are expressed in Saudi Riyals unless otherwise stated)

21- SEGMENT REPORTING AND MAJOR CUSTOMERS

The Company's principal activity is the manufacturing of reinforcing steel and primary iron products in the form of billets produced from recycled scrap. During the second half of 2025, the Company opened a new branch under its commercial registration to engage in new business activities, including wholesale and retail trading of wood, cork, plastic, and metal products.

Export revenue did not meet any of the quantitative thresholds specified under IFRS 8 – Operating Segments.

a) Segment Information

The Company's main operating segments are as follows:

Segment	Principal Activity
Factory Segment	Manufacturing and sale of primary iron products, including billets, plates, bars, and steel rebars.
Commercial Segment	Wholesale and retail trading of metal, iron, wood, plastic, and cork block products.

	Factory Segment	**Commercial Segment**	**Total**
For the six -month period ended 30 June 2026			
Revenue:			
External customers	**207,032,483**	**73,213,544**	**280,246,027**
Intersegment	-	-	-
Total revenue	**207,032,483**	**73,213,544**	**280,246,027**
Cost of revenue	**(178,574,981)**	**(62,200,685)**	**(240,775,666)**
Gross profit	**28,457,502**	**11,012,859**	**39,470,361**
Income (Expenses):			
Finance costs	**(2,293,054)**	**(809,163)**	**(3,102,217)**
Segment profit	**26,164,448**	**10,203,696**	**36,368,144**

	Manufacturing Segment	Trading Segment	Total
For the six -month period ended 30 June 2025			
Revenue:			
External customers	214,467,459	-	214,467,459
Intersegment	-	-	-
Total revenue	214,467,459	-	214,467,459
Cost of revenue	(202,229,094)	-	(202,229,094)
Gross profit	12,238,365	-	12,238,365
Income (Expenses):			
Finance costs	(2,825,397)	-	(2,825,397)
Segment profit	9,412,968	-	9,412,968

(All amounts are expressed in Saudi Riyals unless otherwise stated)

21- SEGMENT REPORTING AND MAJOR CUSTOMERS (CONTINUED)

A. Segment Reporting (continued)

Reconciliation of profit

Reconciliation of the total of reportable segments' results to net profit before Zakat:

	For the six-month period ended 30 June	
	2026	2025
Net operating segment profit	**36,368,144**	9,412,968
Selling and marketing expenses	**(2,113,151)**	(858,453)
General and administrative expenses	**(8,092,835)**	(7,408,407)
Net profit before Zakat	**26,162,158**	1,146,108

B. Major Customers

The Company's revenues include sales to customers, each of whom represents more than 10% of total revenue. As shown in the table below, revenues from these major customers are as follows:

	For the six -month period ended 30 June 2026		For the six -month period ended 30 June 2025	
Customer	**Revenue Amount**	**Percentage of Total Revenue**	Revenue Amount	Percentage of Total Revenue
A	**31,000,760**	**11%**	46,849,520	22%
B	**29,188,800**	**10%**	33,460,600	15%
C	**1,442,400**	**1%**	21,864,900	10%

All amounts due from these major customers were collected during the period, except for an amount of SR 358,800 relating to Customer (A) and an amount of SR 9,325,356 relating to Customer (B). There were no other outstanding balances due from these customers included within trade receivables.

22- FAIR VALUE

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The principal or the most advantageous market must be accessible to the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

(All amounts are expressed in Saudi Riyals unless otherwise stated)

22- FAIR VALUE (CONTINUED)

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

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each financial reporting period.

The carrying amount of financial assets that are not measured at fair value approximate their fair values. Financial liabilities are measured at amortized cost, which reasonably approximates their fair values.

23- RECLASSIFICATION OF COMPARATIVE FIGURES

During the period ended 30 June 2026, the Company reclassified certain comparative figures to conform with the current period's presentation, as follows:

During the period ended 30 June 2026, the Company's management reclassified an amount of SR 959,522 from Other Income, representing proceeds from the sale of production waste, and an amount of SR 2,522,121 from Revenue, representing proceeds from the sale of steel scrap to Cost of Revenue.

	30 June 2025 previous classification	Effect of reclassification	30 June 2025 current classification
Revenue	(216,989,580)	2,522,121	(214,467,459)
Cost of Revenue	205,710,737	(3,481,643)	202,229,094
Other Income	(959,522)	959,522	-

24- SUBSEQUENT EVENTS

- On 1 Safar 1448H (corresponding to 15 July 2026), the company submitted a request to transfer its listing from the Parallel Market (Nomu) to the Main Market, pursuant to the Board of Directors' resolution dated 14 Safar 1445H (corresponding to 30 August 2023) approving the transfer to the Main Market. The request remains subject to the completion of the applicable regulatory requirements and the receipt of the necessary approvals.

- On 2 Safar 1448H (corresponding to 16 July 2026), the company received a request from the Zakat, Tax and Customs Authority to provide additional data for the purpose of the assessment of zakat return for the year 2025. The company is currently preparing the requested data for submission within the statutory deadline. As of the date of authorization of these interim condensed financial statements, the company has not received any preliminary or final zakat assessment in respect of that declaration. Accordingly, management is currently unable to determine the potential financial impact, if any.

25- APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements were approved by the Board of Directors on 20 Safar 1448H (corresponding to 3 August 2026).