

# Annual Report

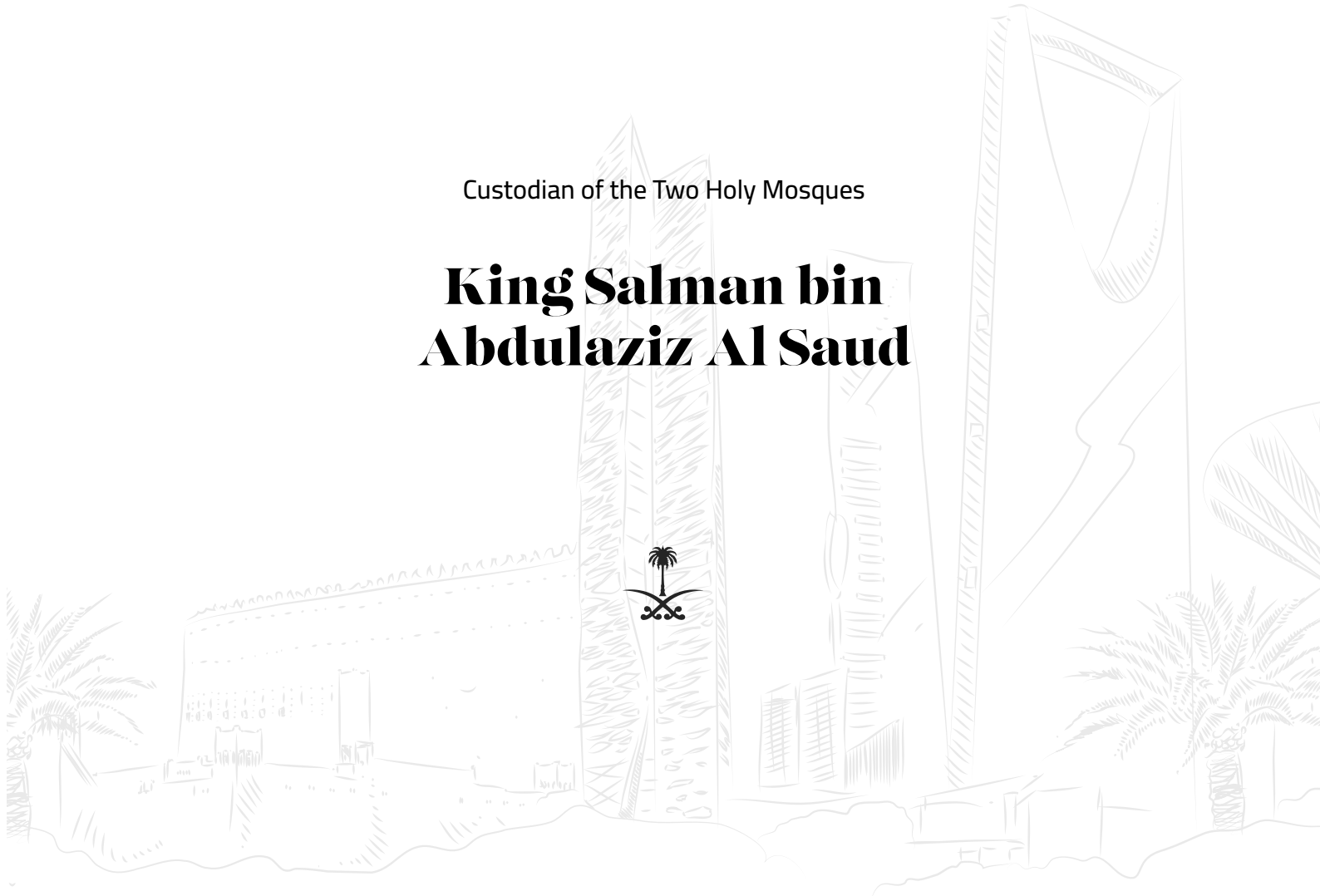
# 2025





Custodian of the Two Holy Mosques

# **King Salman bin Abdulaziz Al Saud**





His Royal Highness Prince

# **Mohammed bin Salman bin Abdulaziz Al Saud**

Crown Prince and Prime Minister



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

عسقف

شركة مصنع عسقف للبلاستيك  
ASG Plastic Factory Co.

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## Shareholders' Statement

ASG Plastic Factory Co.

Dear Shareholders,

Greetings,

The Board of Directors of ASG Plastic Factory Co. is pleased to present to you the Annual Report for the financial year ended 31 December 2025. This report provides a comprehensive overview of the performance of the Company and its subsidiary, alongside the most significant developments witnessed throughout the year.

During the year, the Board continued its supervisory role in monitoring the Company's performance and enhancing the effectiveness of the governance and internal control frameworks. Furthermore, the Board ensured steadfast compliance with relevant laws and regulations to safeguard the interests of shareholders and bolster long-term business sustainability.

The Board reaffirms its commitment to operating in accordance with leading institutional practices and elevating standards of transparency and disclosure, thereby supporting the Company's progress and fulfilling the aspirations of its shareholders.

In conclusion, the Board of Directors expresses its sincere gratitude and appreciation to our shareholders for their continued trust and support.

Best Regards,



Overview

01

## Registered Office

### Kingdom of Saudi Arabia

Sudair Industrial City – Ashira Sudair St. 19  
Unit No. 1 – Building 4378  
Additional No. 6378  
Postal Code 15336  
0536606669  
asgplastic.com.sa  
Info@asgplastic.sa



## Company Representatives

### Othman Abdullah Othman Al-Othman

Chairman of the Board of Directors  
othmanalothman@asgplastic.sa

### Alanoud Nasser Abdullah Al-Nasrallah

Chief Executive Officer  
AlanoudNasser@asgplastic.sa

## Auditors

RSM Allied Accountants Professional Services



## About ASG

Established in 2005, ASG Plastic Factory Co. is headquartered in Sudair Industrial City. The Company operates within the plastic manufacturing and packaging sector, catering to various consumer and commercial industries across the Kingdom of Saudi Arabia.

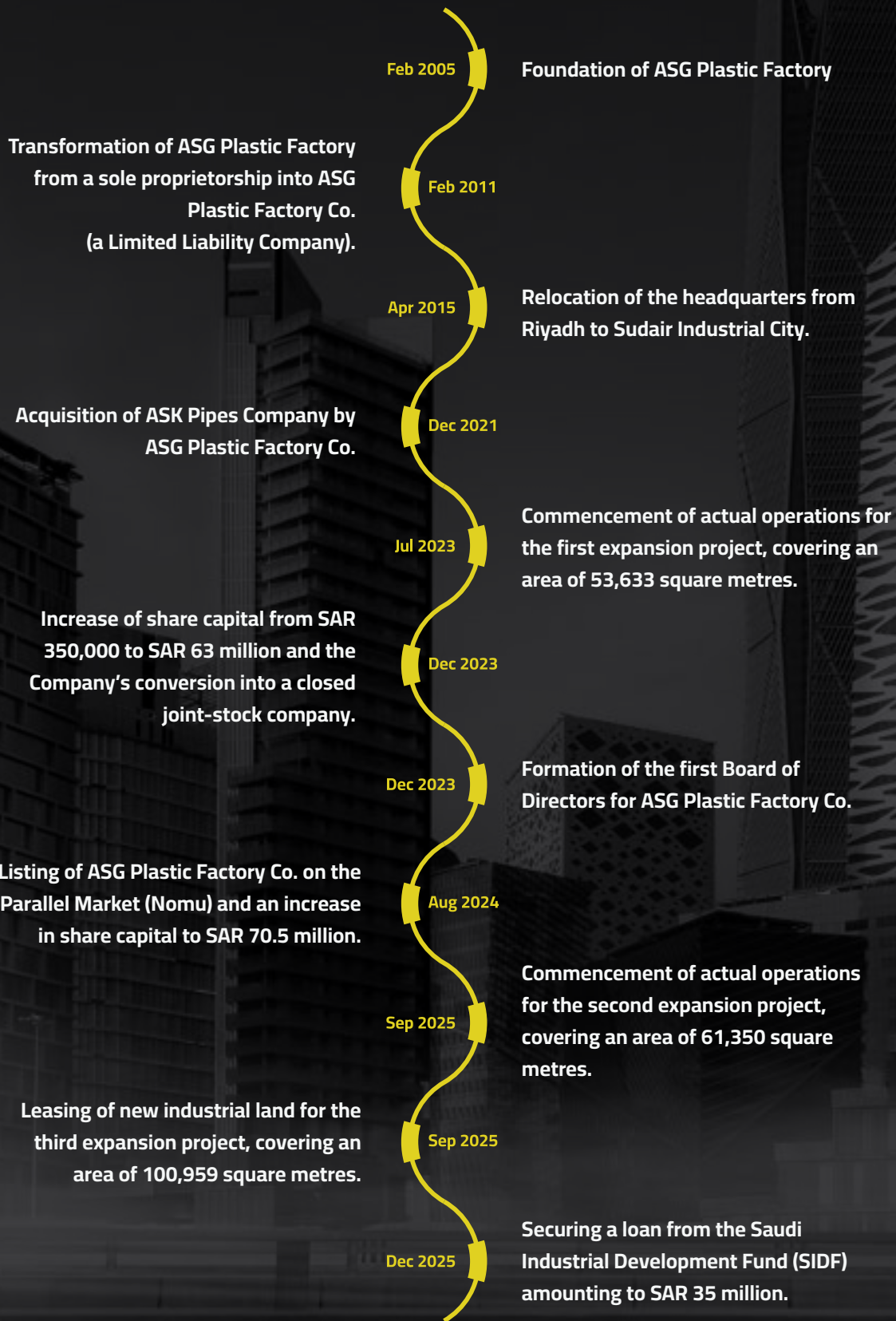
The Company's capital amounts to SAR 70,500,000. Its shares were listed on the Parallel Market (Nomu) on 18 August 2024, a milestone reflecting its business evolution and reinforcing its commitment to the governance, disclosure, and transparency requirements of the financial market.

Since its inception, the Company has focused on developing its industrial infrastructure and enhancing operational efficiency, alongside a gradual expansion of production capacity and the diversification of its product range to align with market demands. Recent years have witnessed a significant phase of industrial expansion, marked by the strengthening of production lines and the advancement of operational capabilities in support of its sustainable growth strategy.

The Company owns a wholly owned subsidiary, ASK Pipes Company, also headquartered in Sudair Industrial City. This subsidiary operates in the manufacturing of pipes and fittings, fostering industrial integration within the Group and enhancing the diversification of its activities.



## Historical Milestones





## ASG Subsidiaries

The Company owns one wholly owned subsidiary (ASK Pipes Company), in which it holds a 100% ownership interest. Its financial results are consolidated within the Group’s consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) as endorsed in the Kingdom of Saudi Arabia.

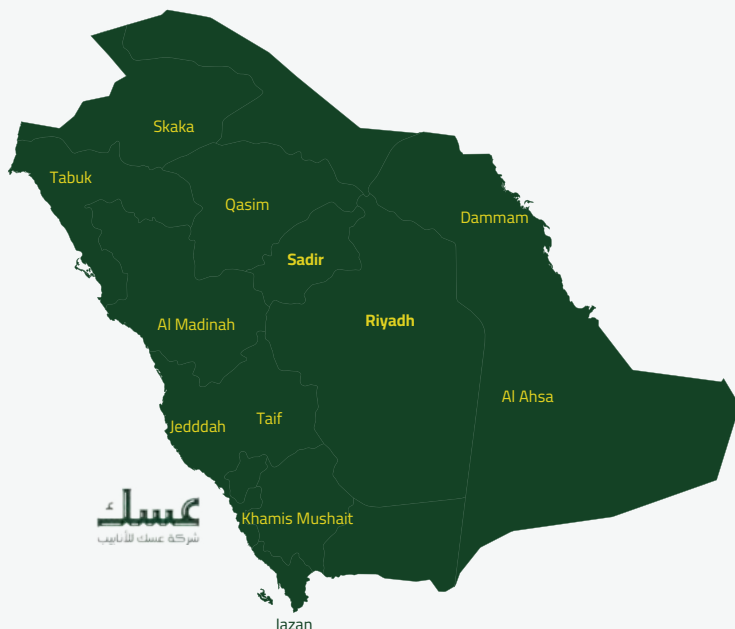
The subsidiary carries out its activities within the framework of the Group’s operational integration, contributing to the support of its business and enhancing its competitiveness within the sector.

### Name, Capital, Ownership Percentage, Primary Activity, Principal Country of Operation, and Country of Incorporation for Each Subsidiary

Subsidiary Name	Share Capital	Ownership Percentage	Primary Activity	Principal Country of Operation	Country of Incorporation
ASK Pipes Company	250,000	100%	Manufacture of plastic pipes, hoses, tubes, fittings, and accessories; manufacture of single-use household items, kitchenware, and ornaments; and road freight transport.	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia

ASK Pipes Company serves as the Group’s operational arm within the thermal pipe and fittings manufacturing sector, conducting its activities in accordance with certified quality standards that meet the requirements of various industrial sectors.

In 2025, the subsidiary continued to enhance its operational efficiency by managing an integrated distribution network comprising twelve (12) warehouses, strategically positioned across multiple regions of the Kingdom of Saudi Arabia. This infrastructure contributes to optimising storage efficiency, accelerating supply lead times, and fulfilling customer requirements throughout various regions.



## Impact of Group Activities on Business Volume

A description of the principal types of activity conducted by the Company and its subsidiaries. Where two or more types of activity are described, a statement shall be included for each activity detailing its impact on the company's business volume and its contribution to the results.

Activity Description	Impact on Business Volume	
	Activity Revenue	Percentage
Packaging Sector	124,929,780	69%
Pipes and Fittings Sector	54,856,487	31%
Total	179,786,267	100%

## Production Ecosystem

The Company relies on an integrated production ecosystem comprising several specialised manufacturing lines. These enable the production of a diverse range of items in accordance with certified quality standards and high operational efficiency. The following provides a description of the primary production lines at the factory:

### First: Injection Moulding Line

The injection moulding line is one of the factory's principal operations. The production process involves heating the raw material, injecting it into a mould, and subsequently cooling it to release the finished product within a defined production cycle. Temperature control, injection pressure, and cooling times are meticulously managed to ensure consistent quality and dimensional precision.

Products: Cutlery, plastic cups, pails, plates, food containers, and pipe fittings.

### Second: Blow Moulding Line

The blow moulding line specialises in the manufacture of hollow products. This is achieved by inflating a heated plastic parison or melting the material and blowing it into a designated mould to attain the required final shape.

The process depends on the precise calibration of air pressure and cooling duration to ensure the production of lightweight items with durability suitable for both industrial and consumer use.

Products: Plastic gallons, containers, and jars of various sizes.



### **Third: Extrusion Line**

The extrusion line operates on a continuous production system, whereby plastic granules are melted and propelled by a rotating screw through a shaping die to produce plastic profiles of unlimited length, with cross-sections that vary according to the product type.

Upon exiting the die, the product is cooled to maintain its standard dimensions, before being cut, coiled, or packaged in accordance with the final product specifications.

Products: Plastic pipes, drinking straws, and plastic sheets (semi-finished materials for thermoforming products).



### **Fourth: Thermoforming Line**

The thermoforming line involves heating plastic sheets until they reach a pliable state, then shaping them within moulds using either air pressure or vacuum suction.

Following the shaping process, the product is cooled and trimmed to the required dimensions. This line is characterised by rapid production cycles and its suitability for manufacturing lightweight containers in large commercial quantities.

Products: Boxes, containers, and thermoformed cups.





## Market Overview

The primary industries sector in the Kingdom of Saudi Arabia is experiencing rapid growth, bolstered by economic transformations and rising local and regional demand for industrial products. These products play a pivotal role in supporting industrial and service activities. The plastics manufacturing sector, in particular, is a strategic industrial branch that serves as a cornerstone for the supply chains of a wide array of economic activities—including packaging, construction, the food industry, and other related fields—making it a vital pillar of the industrial economy.

On a global scale, the sector continues to grow, driven by the increased demand for advanced packaging solutions and industrial applications amidst the expansion of industrial activities and the evolution of manufacturing technologies. Locally, the sector in the Kingdom benefits from the availability of petrochemical raw materials and the integration of value chains, alongside government support under the objectives of Saudi Vision 2030 and the National Industrial Strategy, which aim to enhance local content and diversify the economy.

Plastic packaging activities and the manufacture of pipes and fittings emerge as key drivers of demand. The former is linked to the growth of the food, retail, tourism, and consumer goods sectors, while the latter is tied to the expansion of the construction sector and housing projects. The sector is expected to maintain its growth trajectory, supported by development projects and increasing demand, in addition to a shift towards innovation and the use of recyclable materials in alignment with environmental sustainability requirements.

In this context, ASG Group operates within a promising industrial environment, leveraging its product diversity and expanded production capacity to serve multiple sectors, thereby strengthening its position within the plastics manufacturing ecosystem in the Kingdom of Saudi Arabia.

## Sectors Served

The Company's products serve a diverse range of vital sectors within the local and regional markets, reflecting the broad scope of their application across consumer and industrial fields.

This sectoral diversity contributes to the stability of demand and the diversification of revenue streams, thereby bolstering the robustness of operational performance and mitigating the impact of fluctuations within any single sector. Furthermore, it demonstrates the Company's ability to meet varied requirements in terms of technical specifications, sizes, and applications, supported by a flexible production ecosystem and high operational efficiency.

The following are the primary sectors served by the Company:

### Food and Beverage Sector

This includes food manufacturing plants, water and juice companies, restaurants, cafés, and catering services. The Company's products are utilised in packaging applications, tableware, and hospitality and tourism solutions.

### Wholesale and Retail Sector

This sector comprises wholesale and retail chains that facilitate the delivery of the Company's products to the end consumer, both locally and regionally.

### Manufacturing Industries Sector

Includes industrial companies that rely on the Company's products as packaging solutions within their production processes. This is particularly the case for the packaging of oils, detergents, and liquid substances, in accordance with technical specifications suitable for industrial use.

### Sanitary Ware and Cosmetics Sector

Through the manufacturing of containers that meet the specific quality, safety, and technical requirements of this sector.

### Construction and Urban Development Sector

Facilitated by the subsidiary's activity in manufacturing pipes and fittings used in residential and commercial projects, as well as water networks.

This sectoral diversity reflects the flexibility of the Group's manufacturing system and its capacity to satisfy the needs of various industries, thereby diversifying demand sources and enhancing business stability.



## Pillars of Excellence at ASG

ASG derives its competitiveness from a set of strategic and operational strengths that enhance its capacity for sustainable growth and the delivery of added value to its clients and shareholders. The following are the most prominent of these pillars:

### 1 | Integrated Manufacturing Ecosystem and Advanced Technologies

The Company possesses diverse manufacturing capabilities through various production lines equipped with modern, automated machinery and technologies. This affords high flexibility in product diversification, quality enhancement, and production efficiency, coupled with the capacity for large-scale manufacturing to meet market demand and provide bespoke manufacturing solutions tailored to client requirements.

### 2 | Established Operational Expertise

The Company's journey in the local market spans over 20 years, during which it has accumulated significant industrial expertise and a profound understanding of the requirements of the sectors it serves. This has contributed to consolidating its position and establishing its brand as a hallmark of quality and trust.

### 3 | Product Diversity and Scalability

The Company is distinguished by its ability to continuously develop its product portfolio and introduce new production lines in line with market needs, alongside its readiness to increase production capacity in tandem with growing demand.

### 4 | Stable Customer Base and Robust Supplier Network

The Company maintains a diverse customer base with high retention levels, supported by long-term relationships with major suppliers. This ensures the stability of supply, the quality of raw materials, and the seamless execution of operational processes.

### 5 | Strategic Industrial Location

The Company's facilities are located within an organised industrial environment under the supervision of the Saudi Authority for Industrial Cities and Technology Zones (MODON). This provides integrated infrastructure and supporting logistics services that enhance supply chain efficiency and distribution speed.

### 6 | High-Calibre Human Capital

The Company comprises qualified technical and administrative personnel, complemented by an executive management team with extensive experience in the industrial sector. This supports effective strategic decision-making and fosters opportunities for partnerships and sustainable growth.

### 7 | Strategic Alignment with National Objectives

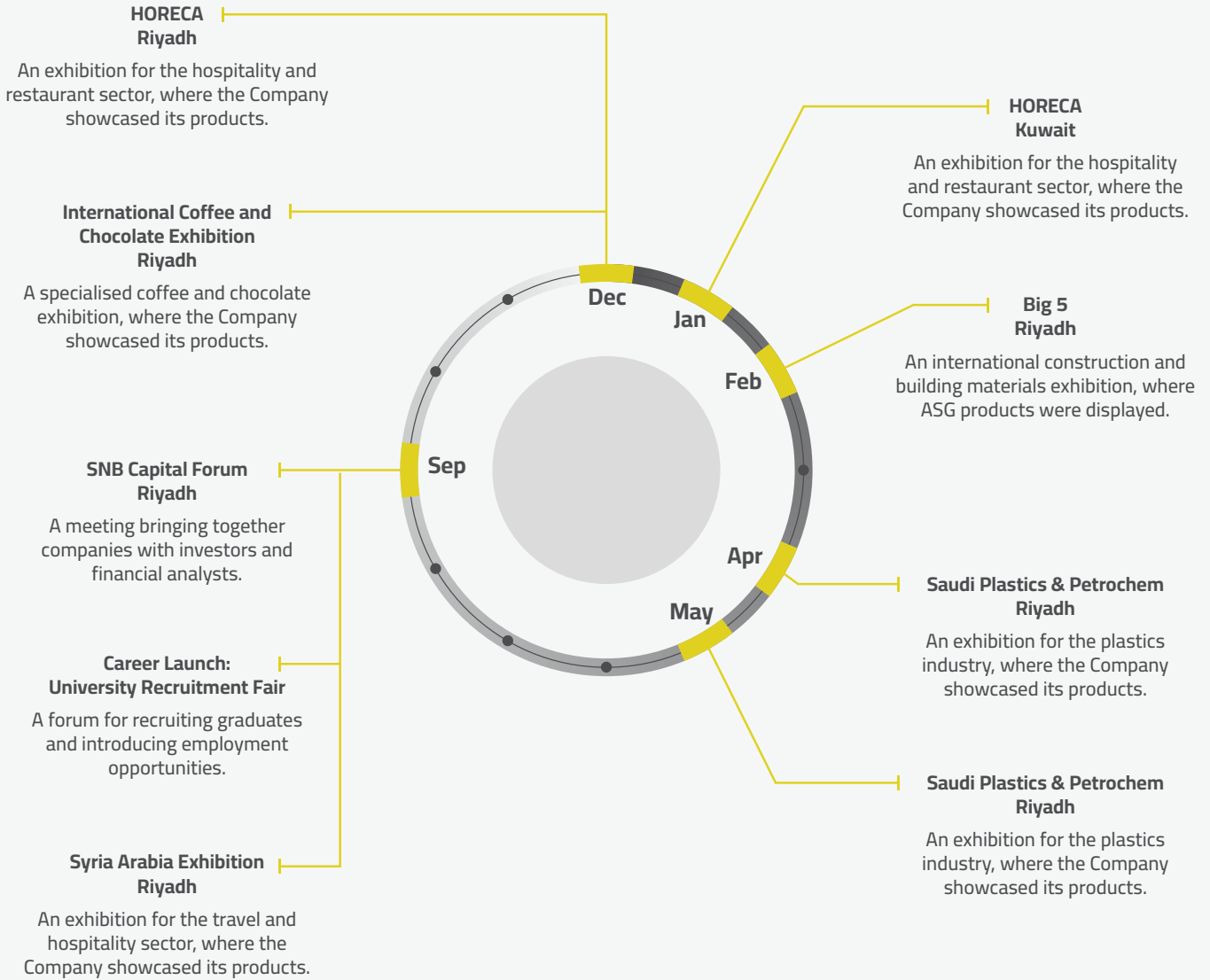
The Company's strategy and products are aligned with the objectives of Saudi Vision 2030 and the National Industrial Strategy. This enables the Company to capitalise on major national projects and upcoming international events, such as Expo 2030 and the 2034 FIFA World Cup.

Collectively, these factors have contributed to strengthening ASG's standing within the plastics manufacturing sector and bolstering its ability to seize available growth opportunities, while maintaining the operational flexibility required to adapt to market variables.



# Corporate Presence

Throughout the year, the Company continued to strengthen its presence at specialised events and professional forums. These engagements support its communication with customers, investors, and national talent, reflecting its commitment to positive interaction within the industrial sector ecosystem.



## Investing in ASG

Financial Market



Saudi Exchange  
(Parallel Market)

Ticker Symbol

9607

ISIN

SA16400KM4H8

Number of Issued Shares

750,000

Share Price as at 31 December 2025

₹ 43.02

Market Capitalisation

As at 31 December 2025

₹ 303,291,000

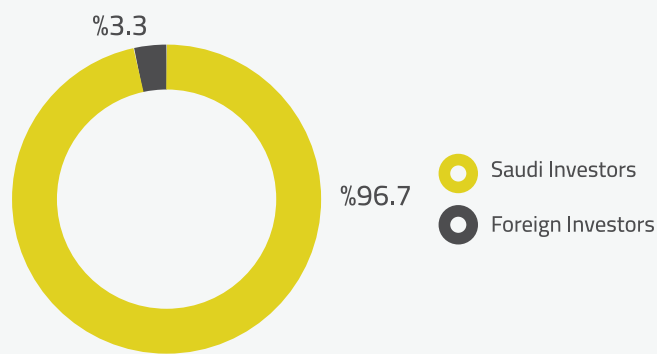
### ASG Share Performance during 2025



### Shareholding Percentage by Shareholder Category

ASG Investors by Nationality	Ownership Percentage	Number of Investors	Number of Shares
Saudi Investors	96.7%	357	7,037,710
Foreign Investors	3.3%	12	12,290
Total	100.0%	369	7,050,000

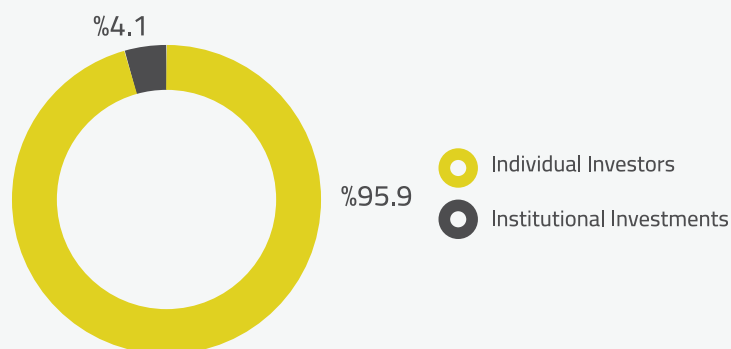
> As at 31 December 2025



ASG Investors by Ownership Type	Ownership Percentage	Number of Investors	Number of Shares
Individual Investors	95.9%	354	6,858,396
Institutional Investments *	4.1%	15	191,604
Total	100%	369	7,050,000

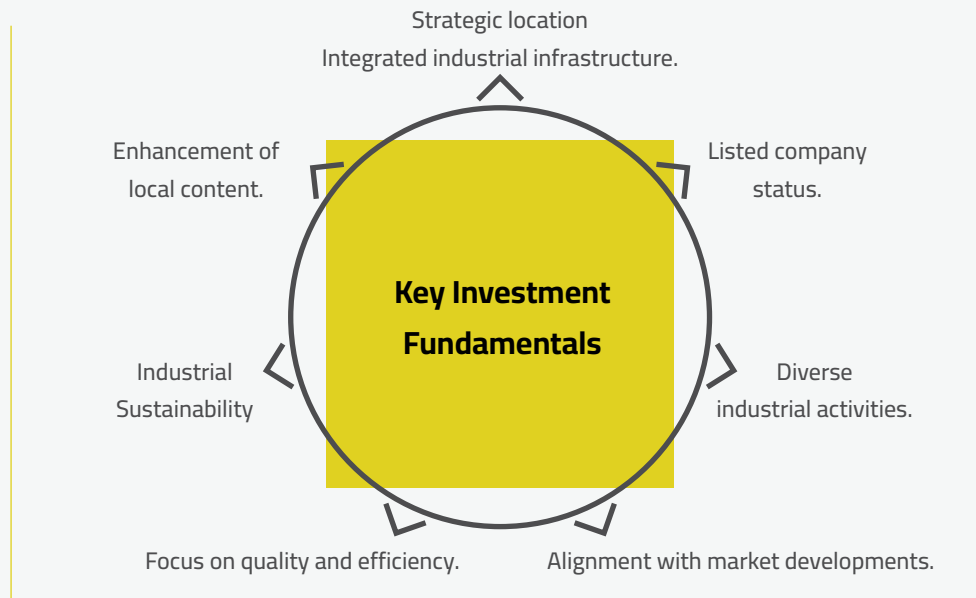
> As at 31 December 2025

> \*Investment funds, local and foreign companies, and charitable organisations.



## Why Invest With Us?

ASG possesses robust investment fundamentals that render it a promising choice within the plastics manufacturing sector. The Company combines operational expertise spanning since 2005 with a capacity for expansion and sustainable growth.



Your investment in ASG represents a partnership in a promising journey of industrial growth, guided by a clear vision and a management team dedicated to achieving sustainable value for shareholders.

### Shareholder Register Requests

A record of the Company's requests for the shareholder register, specifying the dates and reasons thereof.

Request No.	Request Date	Reason for Request
1	05/01/2025	Corporate Procedures
2	29/04/2025	Corporate Procedures
3	27/05/2025	General Assembly
4	10/07/2025	Corporate Procedures
5	20/08/2025	Corporate Procedures
6	01/09/2025	Corporate Procedures
7	08/09/2025	Corporate Procedures
8	21/09/2025	Corporate Procedures
9	03/10/2025	Corporate Procedures
10	02/11/2025	Corporate Procedures



# Strategic Review

# 02

## Chairman's Statement

Dear Shareholders,

Greetings,

It gives me great pleasure to present to you the business results of ASG Plastic Factory Co. for the financial year ended 31 December 2025. During this period, the Company continued to strengthen its presence within the plastics manufacturing sector, fulfilling market demands and broadening its diverse customer base.

The year 2025 witnessed the Company's ongoing commitment to executing its strategy aimed at elevating operational efficiency, enhancing product quality, and fortifying supply chain stability, thereby supporting business sustainability and bolstering its competitive edge.

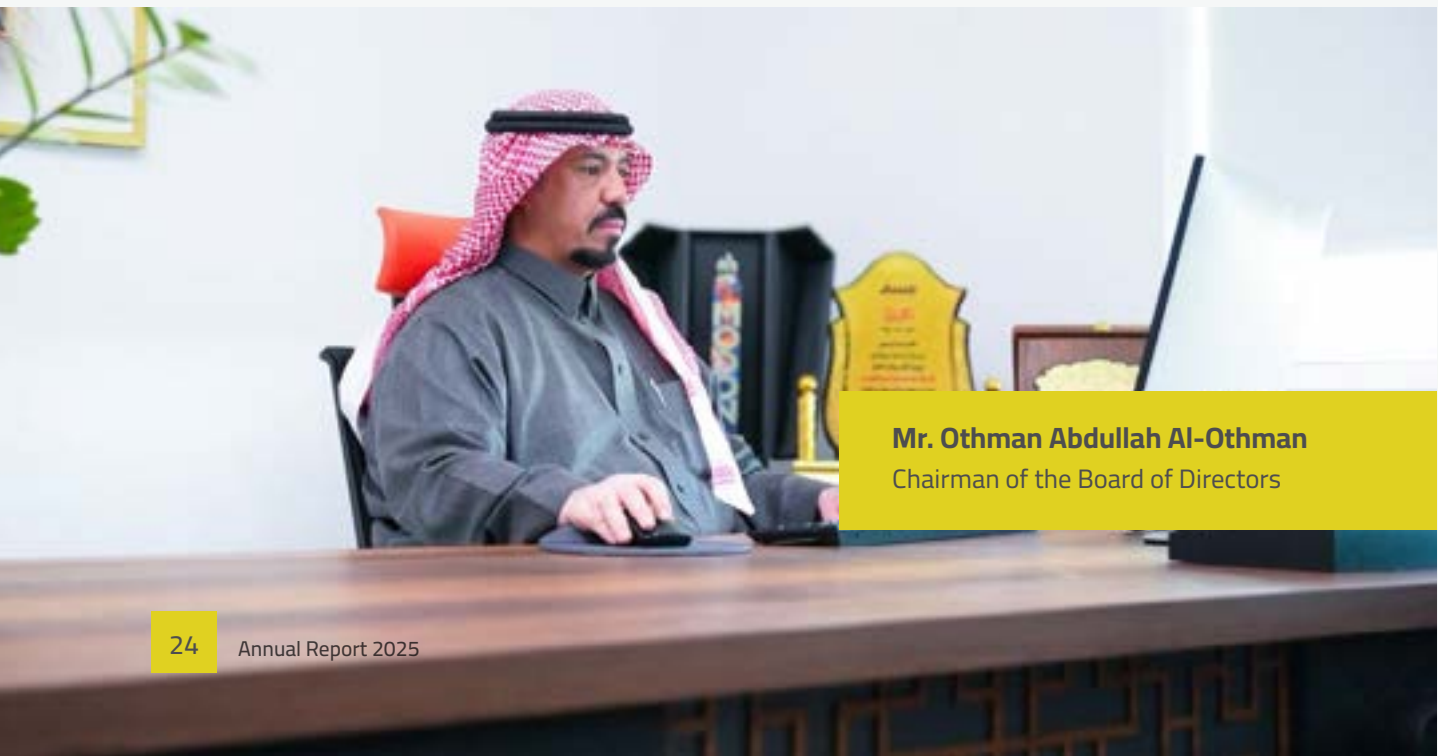
The Board of Directors has remained diligent in its supervisory role, monitoring the Company's overall performance, reviewing operational and strategic plans, and enhancing the governance and internal control frameworks. These efforts ensure steadfast compliance with relevant laws and regulations and safeguard the interests of our shareholders.

Furthermore, the Board has continued to support the Executive Management in fostering a work environment founded upon competence and institutional discipline, while improving performance levels to keep pace with sectoral developments and market dynamics.

As we look ahead to the next phase, the Board of Directors reaffirms its commitment to consolidating the foundations of sustainable growth, strengthening the Company's financial and operational position, and delivering long-term value to its shareholders.

In this regard, I wish to express my sincere gratitude and appreciation to my fellow Board members for their dedication and efforts in discharging their duties. I also highly value the efforts of the Executive Management and all Company employees for their continuous commitment and contribution, which have been instrumental in achieving this year's objectives. Finally, I renew my thanks to our shareholders for their unwavering trust and support.

Best regards.



**Mr. Othman Abdullah Al-Othman**  
Chairman of the Board of Directors

## Chief Executive Officer's Statement

Dear Shareholders,

Greetings,

The year 2025 served as a pivotal milestone in the journey of ASG Group, witnessing significant operational expansion that reflects our commitment to enhancing our production capabilities and consolidating our position within the plastics manufacturing sector.

During the year, we successfully commenced operations at the new factory, spanning an area of 61,350 square metres and equipped with several modern production lines. This achievement has contributed to increasing the Company's production capacity, improving operational efficiency, and bolstering our ability to meet growing product demand and penetrate new markets.

This expansion represents a strategic step in our growth trajectory. The Executive Management has focused on ensuring the readiness of the operational infrastructure, attracting technical talent, and elevating levels of quality and operational discipline to support the improvement of performance indicators and enhance the return on invested capital.

Furthermore, 2025 saw the leasing of a new plot of land covering 100,959 square metres in preparation for the establishment of an additional factory as part of the Company's future expansion plans. This reflects a clear vision for strengthening production capacity and ensuring sustainable growth in the coming years.

In parallel with this expansion, the Company has continued to refine supply chain efficiency, manage operating costs, and enhance quality standards, thereby supporting performance stability and strengthening our market competitiveness.

We look towards the next phase with confidence, underpinned by a solid operational foundation and strategic investments that enable the Company to achieve sustainable growth and maximise value for its shareholders.

In conclusion, I would like to extend my sincere gratitude to the Board of Directors for their support and guidance, and to all Company employees whose efforts were fundamental to the completion of this year's expansion projects. I also deeply appreciate the trust and continuous support of our esteemed shareholders.

Regards,



**Ms. Alanoud Nasser Al-Nasrallah**  
Chief Executive Officer

## Chief Financial Officer's Statement

Dear Shareholders,  
Greetings,

The year 2025 marked a significant phase in the Group's journey, during which we steadfastly continued the implementation of our expansion strategy. We successfully achieved robust revenue growth while maintaining a strong financial position and high earnings quality, reflecting the resilience of our business model and its capacity to generate sustainable, long-term value.

In light of the operational expansion witnessed by the Group during 2025, I am pleased to present the most prominent financial results and key performance indicators.



**Antar Elsayed Naim Salem**  
Chief Financial Officer

### Financial Performance Reflecting Execution Strength

The Group generated revenues of SAR 179.79 million during 2025, compared to SAR 141.72 million in 2024, representing a growth of 26.86% and a strong compound annual growth rate (CAGR) of 32.23%. This reflects sustained operational momentum in recent years, the expansion of production capacity, a strengthened market presence, and a growing customer base.

Gross profit rose to SAR 73.55 million, an increase of 23.43%, while maintaining a robust margin of 40.91%. Meanwhile, Earnings Before Interest, Taxes, Depreciation, and Amortisation (EBITDA) reached approximately SAR 46.36 million, with a margin of 25.79%. These figures underscore the efficiency of our operational performance and the Group's ability to achieve balanced growth that harmonises expansion with profitability.

### Stable Profitability and Rewarding Returns

Net profit for the year amounted to SAR 32.94 million, compared to SAR 32.21 million in the previous year, achieving a growth of 2.26%. Although the pace of net profit growth was lower than revenue growth, this reflects a transitional impact associated with the commissioning of new production assets and the subsequent rise in depreciation expenses. Furthermore, it accounts for the intensification of sales and marketing activities and the strengthening of administrative staff in support of our growth strategy.

These expenditures are considered deliberate operational investments aimed at consolidating our competitive position and preparing the operational infrastructure for a more extensive phase of expansion in the coming years.

The Return on Equity (ROE) stood at approximately 23%, reflecting the efficient deployment of capital and the delivery of rewarding returns to shareholders. Meanwhile, the net profit margin maintained a strong level of 18.32%, confirming the quality of earnings and the stability of operational profitability.

During the year, the Group distributed cash dividends to shareholders totalling SAR 8.46 million, equivalent to SAR 1.20 per share. This reaffirms our commitment to a balanced dividend policy that delivers sustainable returns to shareholders while satisfying growth and expansion requirements.

## — Robust Financial Position and Financing Flexibility

The Group maintains a conservative financing structure, with the ratio of total liabilities to total assets not exceeding 14.74%, alongside a low debt-to-equity ratio. This reflects a robust financial position and high flexibility in financing future expansions.

Furthermore, the Group continued to generate positive operating cash flows, amounting to SAR 22.32 million during the year. These flows contributed to financing a significant portion of the capital expenditure associated with expansion projects, which totalled SAR 36.82 million. With a strong opening cash balance of SAR 26.97 million, the Group concluded the year with a cash balance of SAR 2.75 million. This demonstrates prudent liquidity management and effective support for growth plans, reinforcing our capacity for self-funded growth.

In line with enhancing financing readiness, a credit facility agreement was signed with the Saudi Industrial Development Fund (SIDF) for SAR 35 million to finance working capital. No drawdowns were made from this facility by year-end, thereby providing a reserve financing capacity to support future strategic plans.

## — Commitment to Governance and Financial Statement Quality

The independent auditor's report was issued with an unmodified opinion without reservations, reflecting the integrity of the financial statements and the quality of internal controls. Additionally, the Group continues to enhance its disclosure and governance standards in alignment with regulatory best practices, bolstering investor confidence and supporting sustainable growth.

## — Alignment with Saudi Vision 2030 Objectives

The 2025 results are consistent with the economic transformation currently underway in the Kingdom

under Saudi Vision 2030 and the National Industrial Strategy, which aim to increase the industrial sector's contribution to GDP and enhance local content and supply chains.

Amidst major national projects, infrastructure expansion, and the international events hosted by the Kingdom, the Group continues to position itself as an active industrial partner supporting these objectives by increasing production capacity, developing operational capabilities, and enhancing readiness to meet growing demand in both local and regional markets.

## — Future Outlook

The Group enters 2026 with strong operational and financial momentum, with the financial management focusing on:

- | Maximising the utilisation of new production capacities.
- | Enhancing operating cash flows.
- | Continuing to improve working capital efficiency.
- | Assessing and executing strategic expansion opportunities that support long-term growth.
- | Supporting the Group's readiness for Main Market requirements and broadening the investor base.

The financial management will maintain its approach based on financial discipline, effective risk management, and achieving a balance between growth and the maximisation of shareholder returns.

In conclusion, the 2025 results confirm that we are moving steadily towards a more extensive expansion phase, underpinned by strong financial foundations and a clear strategic vision that places sustainability and value maximisation at the core of our priorities.

May Allah grant success. //

## Corporate Strategic Framework

### Our Vision and Alignment with Saudi

#### Vision 2030

Having consolidated its position as one of the leading companies in the plastic products manufacturing sector at the regional level, ASG Plastic Factory Co. looks forward with boundless ambition to elevating its brand to the ranks of international corporations. In doing so, the Company aims to contribute to the prominence of the Kingdom of Saudi Arabia in international forums, in harmony with the nation's developmental and industrial aspirations.

The Company's strategic direction is closely aligned with the objectives of Saudi Vision 2030, particularly regarding the strengthening of the industrial sector, the development of local content, and the support of national economic diversification. The Company seeks to contribute to the achievement of these goals by investing in industrial assets, empowering national talent, and adopting operational practices that promote sustainability and efficiency.





## **Our Mission**

We are committed to the highest standards of values and business ethics, held alongside a steadfast belief that safeguarding human health, providing safe and high-quality products, and delivering services that meet and exceed customer expectations remain the Company's primary priorities—taking precedence over financial returns. This approach ensures the sustainability of trust and the cultivation of long-term relationships with our clients.

## **Our Strategy**

- | Continuous commitment to international quality standards and specifications, ensuring the delivery of premium products and reinforcing the Company's position as a reliable supplier in the market.
- | Periodic monitoring and assessment of developments and fluctuations within the plastic products market, and the updating of marketing strategies to align with evolving customer needs and achieve a sustainable competitive advantage.
- | Strengthening our robust presence in local markets by building and developing an effective distribution network that enhances product accessibility for customers and increases market share.
- | Elevating the efficiency of manufacturing processes through the adoption of the latest production methods and technologies, thereby improving product quality, increasing operational efficiency, and achieving optimal performance levels.
- | Meticulously planned strategic expansion into complementary fields beyond plastics manufacturing, including the development of integrated logistical solutions to serve the industrial zone and entry into promising sectors that contribute to economic development and keep pace with the Kingdom's growth and the objectives of Saudi Vision 2030.

## Achievements, Awards, and Certifications

### Achievements and Awards

#### Human Capability Development Award

ASK Pipes Company — a subsidiary — received the Human Capability Development Award as part of the MODON Industrial Excellence Award for the Small and Medium Enterprises (SMEs) category. This accolade was granted in recognition of its efforts in developing human competencies and fostering a work environment that supports the growth of national capabilities within the industrial sector.

#### Improvement in the Smart Industry Readiness Index (SIRI) Rating

The Company achieved a significant improvement in its Smart Industry Readiness Index (SIRI) assessment, with the rating rising from 1.36 in the previous year to 2.33 during 2025. This reflects progress in adopting advanced industrial technologies and enhancing the efficiency of operational processes, as part of the Company's efforts to advance industrial transformation and elevate the levels of automation and productivity.

#### Completion of the Expansion Plan and Commencement of Operations as Scheduled

The Company successfully completed the implementation of its expansion plan and commenced associated operations according to the approved timeline, thereby boosting its production capacity and supporting its ability to meet growing market demand.



## Certifications

The Company has obtained a suite of certifications that support the quality of its production and administrative processes.

**Quality Control Management System**  
**2020/ASO: QCMS: 1**

A system aimed at regulating and monitoring the quality of production processes and final products to ensure compliance with approved specifications and standards, while reducing errors and waste.

**Customer Satisfaction Assurance Management System**  
**2021/ASO: CSAMS: 1**

A system focused on measuring and improving customer satisfaction by monitoring complaints and feedback, and continuously enhancing services and products.

**Occupational Health & Safety Management System**  
**2020/ASO: OHSMS: 1**

A system designed to provide a safe and healthy working environment by identifying occupational hazards, reducing accidents and injuries, and ensuring compliance with regulatory requirements.

**Food Safety Management System**  
**ISO 22000:2018**

A standard for implementing strict controls throughout the manufacturing and supply processes to ensure the safety of products intended for food-grade use, in accordance with international best practices.

**Environmental Management System**  
**ISO 14001:2015**

An international standard aimed at minimising the environmental impact of industrial operations through waste management, the rationalisation of resource consumption, and adherence to environmental legislation.

**Occupational Health & Safety Management System**  
**ISO 45001:2018**

An international standard specialising in the management of occupational health and safety risks, aimed at preventing injuries and occupational diseases while promoting a culture of safety within the work environment.



Meanwhile, ASK – the subsidiary – has obtained a suite of certifications that support the quality of production and administrative processes within its sector, which in turn supports the Group:

<p>Quality Management System</p> <p><b>ISO 9001:2015</b></p> <p>An international standard specifying the requirements for a quality management system. It aims to enhance internal processes, ensure the delivery of products that comply with customer requirements, and promote continuous improvement.</p>	<p>Quality Management — Customer Satisfaction</p> <p><b>ISO 10002:2018</b></p> <p>A standard specialising in the management and effective processing of customer complaints, thereby contributing to increased customer satisfaction levels and enhancing the organisation’s reputation.</p>	<p>Quality Management — Guidelines for Competence Management and People Development</p> <p><b>ISO 10015:2019</b></p> <p>A standard providing guidelines for managing employee competence and development through effective training planning and skill development to support the achievement of quality objectives.</p>
<p>Quality Control Management System</p> <p><b>2020/ASO: QCMS: 1</b></p> <p>A system aimed at monitoring and regulating product quality throughout the various stages of manufacturing to ensure compliance with standard specifications.</p>	<p>Saudi Quality Mark (Polypropylene Pipes for Cold and Hot Water Installations)</p> <p>A certification from the Saudi Standards, Metrology and Quality Organization (SASO) confirming that polypropylene pipe products for cold and hot water installations comply with specific Saudi product standards.</p>	<p>Quality Customer Satisfaction Assurance Management System</p> <p><b>2021/ASO: CSAMS: 1</b></p> <p>A system focused on enhancing customer satisfaction by monitoring performance, analysing feedback, and continuously developing services and products.</p>
<p>Environmental Management System</p> <p><b>ISO 14001:2015</b></p> <p>An international standard for managing the environmental aspects of operational processes, aimed at reducing environmental impact, ensuring legislative compliance, and achieving sustainability.</p>	<p>Occupational Health &amp; Safety Management System</p> <p><b>ISO 45001:2018</b></p> <p>An international standard for the management of occupational health and safety risks, aimed at preventing injuries and improving the work environment.</p>	<p>Occupational Health &amp; Safety Management System</p> <p><b>2020/ASO: OHSMS: 1</b></p> <p>A system that ensures the implementation of effective preventive measures to mitigate occupational risks and guarantee the safety of employees.</p>
<p>Risk Management</p> <p><b>ISO 31000:2018</b></p> <p>An international standard providing a systematic framework for identifying, analysing, and evaluating risks, and establishing appropriate plans for their management to mitigate their impact on business operations.</p>		

## Digital Transformation

Driven by our steadfast commitment to continuous development and the enhancement of institutional performance, we proceeded this year with the implementation of an integrated suite of digital transformation initiatives. These measures align with international best practices and national standards pertaining to smart manufacturing and digital governance. Our efforts have focused on maximising the utility of modern technologies to bolster operational efficiency, improve output quality, and elevate the level of integration between industrial and administrative processes.

### First: Automation of Industrial Processes

The Group has worked to increase the level of automation within its industrial operations to support operational efficiency and keep pace with contemporary trends in smart manufacturing.

In this context, the Group focused on two primary pillars:

#### 1 | Modernising the Operational Infrastructure through the Acquisition of Automated Assets

Emphasis was placed on acquiring modern production assets that utilise smart control systems and automated operating technologies. This contributes to reducing manual intervention, increasing process precision, and enhancing production capacity. Consequently, this has directly resulted in decreased waste rates, improved product quality, and heightened operational reliability.

#### 2 | Automating Existing Assets and Integrating Industrial Robotics

We have worked on developing current assets by integrating advanced automation solutions and introducing industrial robots at various stages of the production lines, which has contributed to:

- | Accelerating the production cycle.
- | Enhancing occupational safety standards.
- | Reducing operational errors.
- | Increasing resource utilisation efficiency.

This strategic direction has contributed to consolidating the “Smart Factory” concept and establishing an operational environment that is more flexible and capable of future scalability.

## Second: Development of Administrative Operations and Institutional Systems

In recognition of the importance of integrating industrial and administrative processes, several fundamental initiatives were implemented to elevate the level of administrative automation and enhance decision-making efficiency:

### — Development and Upgrade of the Enterprise Resource Planning (ERP) System

The existing system was strengthened through the acquisition and activation of additional supporting modules, allowing for broader automation of workflows, a reduction in paper-based transactions, and improved data flow between departments. This has contributed to:

- | Accelerating approval cycles.
- | Increasing the accuracy of financial and operational reports.
- | Improving inventory and supply chain management.
- | Enhancing governance and transparency.

### — Development of Supporting Institutional Systems

The Group worked on advancing its ecosystem of institutional systems by implementing several specialised digital platforms that support the efficiency of administrative and operational processes while enhancing data integration across various departments.

**This included the adoption and activation of several systems, most notably:**

- | Customer Relationship Management (CRM): To enhance sales cycle management and improve the customer experience.
- | Project Management Systems: To support planning and monitoring processes, and to improve cost control and project timelines.
- | Asset Maintenance Management System: To bolster the efficiency of industrial asset management and organise preventive and operational maintenance tasks.
- | Technical Support Management System: To increase the efficiency of responding to technical requests and improve the monitoring of operational services.

**The implementation of these systems has contributed to:**

- | Improving customer service levels.
- | Increasing the efficiency of operations and project management.
- | Strengthening integration between different departments.
- | Supporting decision-making through the availability of more accurate and organised data.

## — Digital Transformation and Environmental Sustainability Support

The Group is committed to contributing effectively to environmental protection by gradually reducing reliance on paper-based transactions and expanding the use of electronic systems and devices across its various operations. Furthermore, it works to adopt more sustainable operational practices that enhance resource efficiency and minimise waste, driven by its responsibility towards society and the environment, and in support of national trends towards sustainability.

## — Progress in the Smart Industry Readiness Index (SIRI)

The Company achieved significant progress in its assessment results within the Smart Industry Readiness Index (SIRI) study—a global tool for measuring the readiness of industrial facilities to transition towards smart manufacturing and digital transformation. Its rating on the approved scale rose from 1.36 to 2.33, reflecting continuous improvement in its digital maturity and the adoption of advanced technologies.

This improvement is a direct result of the integration of technical initiatives, the development of digital infrastructure, and the empowerment of human capital to utilise modern systems with high efficiency. The Company continues to operate according to continuous improvement plans to gradually raise this index, ensuring the achievement of strategic objectives and the enhancement of compliance and technical readiness.

## — Future Directions for Digital Transformation

The Group reaffirms its continued support for the digital transformation journey as a key enabler for achieving institutional excellence, enhancing operational sustainability, and bolstering competitiveness. We remain dedicated to aligning our initiatives with the objectives of Saudi Vision 2030, thereby contributing to the support of the national economy, the empowerment of local industry, and the consolidation of our position as a leading industrial institution in the adoption of future technologies.



## Company Plans and Decisions during 2025

A description of the Company's significant plans and decisions (including structural changes to the Company, business expansion, or the cessation of operations) and the future outlook for the Company's business.

### — Business Expansion through the Establishment of a New Factory

During the year, the Company leased an additional industrial plot from the Saudi Authority for Industrial Cities and Technology Zones (MODON), covering an area of 100,959 square metres. This action was taken within the framework of its strategic plans for industrial expansion and the enhancement of its production capabilities. This step aims to support future industrial growth, introduce new products, and increase total production capacity, alongside supporting sectoral diversification plans and the construction of a new administrative building that keeps pace with the Company's operational and organisational expansion.

### — Securing Financing from the Saudi Industrial Development Fund (SIDF)

During 2025, the Company's Board of Directors approved the application for financing from the Saudi Industrial Development Fund to support working capital and bolster operational liquidity. This measure is intended to ensure the continuity of operational processes and enable the Company to meet its business growth requirements. The Company successfully secured this financing in December 2025.

### — Commencement of Quarterly Financial Statement Preparation

During 2025, the Board of Directors approved the transition to preparing financial statements on a quarterly basis, effective from the first quarter of 2026. This initiative forms part of efforts to enhance disclosure and transparency levels and to increase the Company's readiness for the requirements of the forthcoming phase in the financial market.

These plans and decisions reaffirm the Company's commitment to the ongoing development of its business and the enhancement of its operational efficiency, thereby supporting the achievement of its strategic objectives and bolstering its ability to capitalise on available market growth opportunities.

Furthermore, the Company acknowledges that no material structural changes to its business or organisation occurred during 2025, nor were there any instances of operational suspension requiring disclosure under this item.

## Future Outlook for the Company's Operations

### — Aspiration to Transition to the Main Market

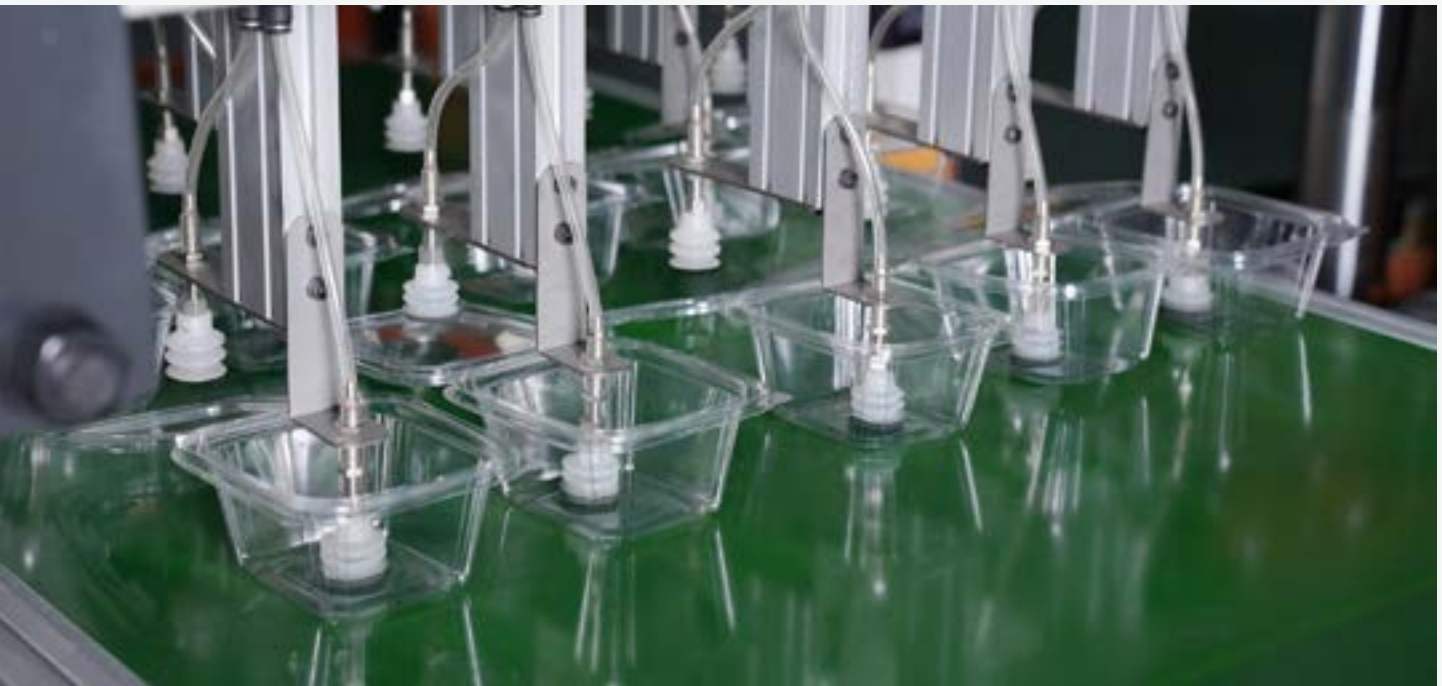
The Board of Directors counts among its aspirations the transition to the Main Market of the Saudi Exchange. This objective is pursued in recognition of its potential to attract a broader spectrum of investors, enhance share liquidity, and support future growth and expansion plans, alongside further strengthening governance and transparency practices.

### — Third Industrial Expansion

The Company intends to implement a new industrial expansion, representing its third such project, by utilising the 100,959-square-metre industrial plot. This expansion aims to broaden the current product range and increase production capacity in line with growing market demand. Furthermore, it involves the introduction of new products complementary to existing activities. This expansion is expected to include the development of industrial products such as High-Density Polyethylene (HDPE) agricultural pipes and fittings, industrial strapping bands (Strap Band) manufactured from PP and PETG materials, and industrial PP ropes. These additions will support the diversification of the Company's product portfolio and enhance its presence in new industrial sectors. Pilot production for this factory expansion is anticipated to commence during the first quarter of 2027.

### — Ongoing Digital Transformation Efforts

The Company continues to develop its capabilities in the field of digital transformation by enhancing the use of digital technologies in the management of both operational and administrative processes. These efforts contribute to improving production efficiency, elevating the effectiveness of administrative operations, and supporting data-driven decision-making. This remains a core part of the Company's continuous endeavours to adopt modern technologies and bolster its readiness for the requirements of advanced manufacturing.



## Details of Social Contributions

Driven by the Company's dedication to supporting the community and enhancing its role in sustainable development, the Board of Directors approved the Corporate Social Responsibility (CSR) policy during the year and submitted a recommendation to the General Assembly for its adoption. Throughout this period, the Company engaged in several community initiatives and activities that reflect its commitment to social responsibility.

### Signing a Memorandum of Understanding with Majmaah University

The Company signed a Memorandum of Understanding (MoU) with Majmaah University to foster cooperation in the fields of training and employment. This initiative contributes to preparing students and graduates for the labour market and supporting the development of national talent.

### Empowering People of Determination within the Work Environment

The Company employs several individuals from among the people of determination within a supportive professional environment. The Company is dedicated to attracting these individuals and facilitating their continuous employment, thereby promoting equal opportunities and inclusivity in the workplace. Furthermore, the Company has obtained the Mowama certification, which reflects its commitment to adapting the work environment to suit their specific requirements.

### Training of University Students

The Company welcomed a number of university students during 2025 into cooperative training programmes across several disciplines. This initiative aimed to provide them with the opportunity to gain practical experience and familiarise themselves with the professional work environment, thereby contributing to preparing them for the labour market and enhancing their career readiness.

The number of trainees during the year reached

**23**

male and female students.

These initiatives reflect the Company's commitment to contributing to community service and achieving a sustainable positive impact. Looking ahead, the Company aspires to further enhance this role by implementing diverse community, developmental, and environmental initiatives, following the formal adoption of the Corporate Social Responsibility policy by the General Assembly.





Corporate  
Governance

03

## Applicable and non-Applicable Provisions of the Corporate Governance Regulations and the Reasons for Non-application

The Company has established written policies, approved by the Board of Directors and the General Assembly of Shareholders, which guarantee compliance with sound corporate governance rules and practices, and ensure the Company's readiness for targeted development and growth. The Company applies all the provisions contained in the Corporate Governance Regulations issued by the Capital Market Authority, with the exception of the guiding (non-mandatory) provisions.

Unimplemented provisions of the Regulations and the reasons therefor:

Article No.	Article / Paragraph Text	Reasons for non-implementation
37	Training – Training of Board Members	Guiding article; noting that the Board of Directors comprises distinguished and qualified competencies capable of achieving the Company's objectives within its field.
39	Evaluation – Evaluation of Board Members	The article is guiding.
57	Formation of the Remuneration Committee	The article is guiding for the Parallel Market.
58	Competencies of the Remuneration Committee	The article is guiding for the Parallel Market.
60	Meetings of the Remuneration Committee	The article is guiding for the Parallel Market.
61	Formation of the Nomination Committee	The article is guiding for the Parallel Market.
62	Competencies of the Nomination Committee	The article is guiding for the Parallel Market.
64	Meetings of the Nomination Committee	The article is guiding for the Parallel Market.
67	Formation of the Risk Management Committee	The article is guiding.
68	Competencies of the Risk Management Committee	The article is guiding.
69	Meetings of the Risk Management Committee	The article is guiding.
82	Employee Incentives	The article is guiding.
84	Corporate Social Responsibility	The article is guiding.
85	Social Work Initiatives	The article is guiding.
92	Formation of a Corporate Governance Committee	The article is guiding.

## Board of Directors



**Alanoud Nasser Al-Nasrallah**

Chief Executive Officer and Board Member



**Fahad Mohammed Al-Othman**

Vice-Chairman of the Board of Directors



**Othman Abdullah Al-Othman**

Chairman of the Board of Directors



**Mohammed Waleed Al-Numay**

Board Member



**Ibrahim Mohammed Al-Shalan**

Board Member

## Term of the Board of Directors

The current term of the Company's Board of Directors commenced for a duration of four (4) years, effective from the date of the Company's registration in the Joint-Stock Companies Register on 19/05/1445 H (corresponding to 03/12/2023 G).

The Board of Directors comprises five (5) members elected by the General Assembly of Shareholders. The Board includes a combination of executive, non-executive, and independent members in compliance with the requirements of the Corporate Governance Regulations issued by the Capital Market Authority.

During the year 2025, Mr Mohammed Rafdan Atallah Al-Sahma — a non-executive member — tendered his resignation from the Board of Directors on 24/09/2025 G. Consequently, the Board of Directors resolved to appoint Mr Mohammed Waleed Saleh Al-Numay — an independent member — effective from 24/09/2025 G, to serve the remainder of the current term. This appointment is to be presented to the first meeting of the General Assembly of Shareholders for ratification in accordance with the applicable regulations.

## Names of the Members of the Board of Directors, Committee Members, and Executive Management, along with Their Current and Previous Positions, Qualifications, and Experience

### Profiles of the Board of Directors' Members

#### — Othman bin Abdullah Othman Al-Othman

##### Chairman of the Board of Directors

<b>Membership Type</b>	Chairman of the Board of Directors (Non-Executive)
<b>Date of Appointment</b>	Commencing from the current Board term on 03/12/2023
<b>Experience</b>	<ul style="list-style-type: none"> <li>  21 years of experience in the field of safety and security</li> <li>  6 years of experience in the field of human resources management</li> <li>  3 years of experience in the field of general management</li> </ul>
<b>Previous Positions</b>	<ul style="list-style-type: none"> <li>  Director of Security and Safety at the Civil Defence from 1995 to 2016.</li> <li>  Human Resources Manager at ASG Plastic Factory Co. from 2016 to 2022.</li> <li>  General Manager at ASG Plastic Factory Co. from 2022 to 2023.</li> </ul>
<b>Current Positions</b>	General Manager of ASK Pipes Company from 2024 to present.
<b>Academic Qualifications</b>	Obtained the General Secondary Education Certificate in the Kingdom of Saudi Arabia in 1991.

#### — Fahad bin Mohammed Fahad Al-Othman

##### Vice-Chairman of the Board of Directors

<b>Membership Type</b>	Vice-Chairman of the Board of Directors (Executive)
<b>Date of Appointment</b>	Commencing from the current Board term on 03/12/2023 AD
<b>Experience</b>	<ul style="list-style-type: none"> <li>  9 years of experience in the field of marketing</li> <li>  1 year of experience in the field of general management</li> </ul>
<b>Previous Positions</b>	<ul style="list-style-type: none"> <li>  Marketing Specialist at ASG Plastic Factory Co. from 2016 to 2021.</li> </ul>
<b>Current Positions</b>	<ul style="list-style-type: none"> <li>  Marketing Director at ASG Plastic Factory Co. from 2022 to present.</li> <li>  General Manager at Al-Bunyan Al-Hadidi Contracting Establishment from 2024 to present.</li> </ul>
<b>Academic Qualifications</b>	Obtained a Bachelor's Degree in Finance and Investment from Imam Mohammad Ibn Saud Islamic University in 2022 AD.

## Alanoud Bint Nasser Abdullah Al-Nasrallah

### Board Member and Chief Executive Officer

<b>Membership Type</b>	Board Member (Executive)
<b>Date of Appointment</b>	Commencing from the current Board term on 03/12/2023 AD
<b>Experience</b>	<ul style="list-style-type: none"> <li>  1 year of experience in the field of human resources management</li> <li>  2 years of experience in the field of quality management</li> <li>  1 year of experience in the field of procurement and supply chain management</li> <li>  2 years of experience in the field of executive management</li> </ul>
<b>Previous Positions</b>	<ul style="list-style-type: none"> <li>  Human Resources and Quality Supervisor at Advanced Medical Accessories Co. from 2019 to 2020.</li> <li>  Procurement Manager at ASG Plastic Factory Co. from 2021 to 2022.</li> <li>  Quality Manager at ASG Plastic Factory Co. from 2022 to 2023.</li> </ul>
<b>Current Positions</b>	Chief Executive Officer at ASG Plastic Factory Co. from 2023 to present.
<b>Academic Qualifications</b>	Obtained a Bachelor's Degree in Computer Science from Majmaah University in 2019.

## Ibrahim Mohammed Ibrahim Al-Shalan

### Board Member

<b>Membership Type</b>	Board Member (Independent)
<b>Date of Appointment</b>	Commencing from the current Board term on 03/12/2023 AD
<b>Experience</b>	<ul style="list-style-type: none"> <li>  16 years of experience in the field of legal practice and consultancy</li> <li>  6 years of experience in the field of general management and professional partnership</li> </ul>
<b>Previous Positions</b>	<ul style="list-style-type: none"> <li>  Lawyer at Saad bin Ghunaim Law Firm and Legal Consultancies from 2009 to 2010.</li> <li>  Legal Consultant at Saad bin Ghunaim Law Firm and Legal Consultancies from 2010 to 2015.</li> <li>  Lawyer and Legal Consultant at Adel bin Mohammed Al-Barrak Law Firm and Legal Consultancies from 2015 to 2019.</li> </ul>
<b>Current Positions</b>	<ul style="list-style-type: none"> <li>  Partner and Lawyer at Adel bin Mohammed Al-Barrak Law Firm and Legal Consultancies from 2019 to present.</li> <li>  General Manager at Ayyinah Research and Studies Co. (a one company) from 2021 to present.</li> </ul>
<b>Academic Qualifications</b>	<ul style="list-style-type: none"> <li>  Obtained a Bachelor's Degree in Sharia from Imam Mohammad Ibn Saud Islamic University in 2009.</li> <li>  Obtained a Master's Degree in Legal Studies for International Lawyers from University of St. Thomas School of Law (United States of America) in 2013.</li> </ul>

## — Mohammed bin Waleed Saleh Al-Numay

### Board Member

<b>Membership Type</b>	Board Member (Independent)
<b>Date of Appointment</b>	Commencing from 24/09/2025 AD
<b>Experience</b>	<ul style="list-style-type: none"> <li>  3 years of experience in the field of compliance</li> <li>  1 year of experience in the field of consultancy and monitoring</li> </ul>
<b>Previous Positions</b>	<ul style="list-style-type: none"> <li>  Compliance Officer at the Saudi Financial Company from July 2022 to October 2023.</li> <li>  Compliance Analyst and Specialist at Thiqah Law Firm and Legal Consultancies from October 2023 to July 2025.</li> </ul>
<b>Current Positions</b>	Director of Advisory and Monitoring at Najm for Insurance Services from July 2025 to present.
<b>Academic Qualifications</b>	<ul style="list-style-type: none"> <li>  Obtained a Bachelor's Degree in Law from King Saud University in 2022.</li> <li>  Certified Governance, Risk Management and Compliance Professional (GRCP).</li> <li>  Certified Compliance Officer (CCO).</li> </ul>

## — Mohammed Rafdan Atallah Al-Sahma

### Board Member – Former

<b>Membership Type</b>	Board Member (Non-Executive)
<b>Date of Appointment</b>	<ul style="list-style-type: none"> <li>  Commencing from the current Board term on 03/12/2023</li> <li>  <b>Membership ceased upon his resignation on 24/09/2025</b></li> </ul>
<b>Experience</b>	<ul style="list-style-type: none"> <li>  9 years of experience in the field of educational management</li> <li>  14 years of experience in the field of corporate management</li> </ul>
<b>Previous Positions &amp; Experience</b>	Director of Al-Moamen International Schools from 2005 to 2014.
<b>Current Positions</b>	<ul style="list-style-type: none"> <li>  Founder and Director of Habbat Al-Bard Plastic Factory from 2011 to present.</li> <li>  Founder and Director of Mawj Al-Sahab Industrial Co. from 2023 to present.</li> </ul>
<b>Academic Qualifications</b>	Obtained a Bachelor's Degree in Public Relations from King Saud University in 2003.

**Names of companies within or outside the Kingdom in which the Company's board member is a member of their current or previous boards of directors or one of their managers:**

Member Name	Names of companies in which the board member is a member of their current boards of directors or one of their managers	Within / Outside the Kingdom	Legal Entity	Names of companies in which the board member was a member of their previous boards of directors or one of their managers	Within / Outside the Kingdom	Legal Entity
Othman Abdullah Al-Othman	ASK Pipes Company	Within the Kingdom	Limited Liability Company	ASG Plastic Factory Co.	Within the Kingdom	Listed Joint-Stock Company
Fahad Mohammed Al-Othman	Al-Bunyan Al-Hadidi Contracting Establishment	Within the Kingdom	Sole Proprietorship		None	
Alanoud Nasser Al-Nasrallah			None			
Ibrahim Mohammed Al-Shalan	Adel Mohammed Al-Barrak & Partner Law Firm and Legal Consultancies	Within the Kingdom	Limited Liability Company		None	
	Ayyinah Research and Studies Co.	Within the Kingdom	Limited Liability Company		None	
Mohammed Waleed Al-Numay			None			
Mohammed Rafdan Atallah Al-Sahma	Habbat Al-Bard Plastic Factory	Within the Kingdom	Sole Proprietorship		None	
	Mawj Al-Sahab Industrial Co.	Within the Kingdom	Limited Liability Company	Al-Moamen International Schools	Within the Kingdom	Limited Liability Company

**Composition of the Board of Directors and Classification of Their Members**

Member Name	Position	Membership Classification		
		Executive	Non-Executive	Independent
Othman Abdullah Al-Othman	Chairman of the Board of Directors		√	
Fahad Mohammed Al-Othman	Vice-Chairman of the Board of Directors	√		
Alanoud Nasser Al-Nasrallah	Chief Executive Officer - Board Member	√		
Ibrahim Mohammed Al-Shalan	Board Member			√
Mohammed Waleed Al-Numay	Board Member			√
Mohammed Rafdan Atallah Al-Sahma	Board Member (Former)		√	

## Meetings of the Board of Directors

The number of Board of Directors meetings held during the last financial year, the dates on which they were held, and the attendance record for each meeting, specifying the names of the attendees.

During the year 2025, the Board of Directors held six (6) Board meetings and one meeting by circulation. The following table displays the attendance record for these meetings by each member of the Board of Directors. No member of the Board appointed a proxy to attend on his or her behalf during these meetings.

Member Name	Attendance Record of the Board of Directors' Meetings during 2025						
	1 <sup>st</sup> Meeting 27 <sup>th</sup> of February	2 <sup>nd</sup> Meeting 4 <sup>th</sup> of March	Board Meeting by Circulation 27 <sup>th</sup> of May	3 <sup>rd</sup> Meeting 17 <sup>th</sup> of August	4 <sup>th</sup> Meeting 24 <sup>th</sup> of September	5 <sup>th</sup> Meeting 7 <sup>th</sup> of October	6 <sup>th</sup> Meeting 31 <sup>st</sup> of December
Othman Abdullah Al-Othman	√	√	√	√	√	√	√
Fahad Mohammed Al-Othman	√	√	√	√	√	√	√
Alanoud Nasser Al-Nasrallah	√	√	√	√	√	√	√
Ibrahim Mohammed Al-Shalan	√	√	√	√	√	√	√
Mohammed Rafdan Al-Sahma	√	√	√	√	Membership Ceased	Membership Ceased	Membership Ceased
Mohammed Waleed Al-Numay	Membership Not Yet Commenced	Membership Not Yet Commenced	Membership Not Yet Commenced	Membership Not Yet Commenced	Membership Not Yet Commenced	√	√

### Description of Any Deals Between the Company and a Related Party

There were no such arrangements entered into between the Company and any related party during 2025.

## Transactions with Related Parties

Information regarding any business or contract to which the Company is a party, and in which a member of the Company's Board of Directors, its senior executives, or any person related to any of them has, or had, an interest. This shall include the names of the persons involved in such business or contracts, as well as the nature, terms, duration, and value of such business or contracts. In the event that no such business or contracts exist, the Company shall provide a declaration to that effect.

This item includes information relating to any businesses or contracts to which the Company is a party, and in which a member of the Board of Directors, a senior executive, or any person related to them had an interest.

The following is a description of the transactions executed during the year 2025 with related parties to which the Company is a party, which were conducted within the ordinary course of the Company's business, and regarding which the Auditor has submitted their report.

Related Party	Business and Contract Terms	Contract Duration	Nature of Relationship	Nature of Transactions	Transaction Value	Balance at the End of 2025
Habbat Al-Bard Plastic Factory Establishment	In accordance with generally accepted contract terms	One year	Owned by a former member of the Board of Directors — Mohammed Rafdan Al-Sahma	Settlement	2,246,751	-
				Purchases of goods	(2,168,882)	
				Value Added Tax (VAT) on purchases	(325,322)	
				Service	762	
Zat Industrial Factory Establishment	In accordance with generally accepted contract terms	One year	Owned by a member of the family of the Vice-Chairman of the Board of Directors — Fahad Mohammed Al-Othman	Settlement	21,160	SAR 975,645
				Service	7,650	
				Purchases of goods	(1,311,358)	
				Value Added Tax (VAT) on purchases	(196,704)	
				Goods sales	1,582,552	
Value Added Tax (VAT) on sales	238,530					

\*On 24 September 2025, the relationship with Habbat Al-Bard Plastic Factory Establishment ceased to qualify as a related-party relationship due to the resignation of the Board member (the owner of the establishment). Accordingly, all transactions executed with Habbat Al-Bard Plastic Factory Establishment from 1 January 2025 until 24 September 2025 have been disclosed as related-party transactions.

## Investor Relations

The Investor Relations Department is responsible for regulating communication between the Company and its investors by providing information related to the Company’s activities and performance, responding to their enquiries, and receiving their proposals and feedback, thereby enhancing the levels of transparency and disclosure.

Furthermore, the Department engages in effective communication with the investment community. The Company remains dedicated to disclosing all relevant information in a timely manner, making it available via its website and its official page on Tadawul.

The Company also held several meetings with financial analysts and investors during this year, as part of its commitment to strengthening direct communication channels and clarifying its strategy as well as its operational and financial performance. These meetings provided an opportunity to discuss periodic results, answer enquiries, and review growth plans and future projects, in addition to listening to investors’ views and observations.

The Company reaffirms its commitment to maintaining this constructive communicative approach, thereby contributing to building long-term relationships based on trust and transparency with various stakeholders across the investment community.

The Company has placed paramount importance on enhancing its communication with investors by holding continuous internal meetings and briefings with the participation of the Executive Management, in addition to participating in a specialised official forum during the year 2025, as detailed in the following table:

Forum Name	Date	Location
Nomu Connect 2025 (Meetings held with more than 25 investors and financial analysts)	17/09/2025	Riyadh



## Disclosures during 2025

ASG announced a number of strategic events and activities implemented throughout the year, which were listed on the official website of the Saudi Exchange (Tadawul). A brief overview of these disclosures is presented below.

Date	Announcement	Tadawul Website
12/02/2025	ASG Plastic Factory Co. Announces Latest Updates on Factory Expansion Project.	<a href="https://www.saudiexchange.sa/wps/portal/saudiexchange/newsandreports/issuer-news/issuer-announcements/issuer-announcements-details/?anId=85207&amp;anCat=1&amp;cs=9607&amp;locale=en">https://www.saudiexchange.sa/wps/portal/saudiexchange/newsandreports/issuer-news/issuer-announcements/issuer-announcements-details/?anId=85207&amp;anCat=1&amp;cs=9607&amp;locale=en</a>
03/03/2025	ASG Plastic Factory Co. announces its annual financial results for the period ending 31-12-2024.	<a href="https://www.saudiexchange.sa/wps/portal/saudiexchange/newsandreports/issuer-news/issuer-announcements/issuer-announcements-details/?anId=85560&amp;anCat=1&amp;cs=9607&amp;locale=en">https://www.saudiexchange.sa/wps/portal/saudiexchange/newsandreports/issuer-news/issuer-announcements/issuer-announcements-details/?anId=85560&amp;anCat=1&amp;cs=9607&amp;locale=en</a>
04/03/2025	ASG Plastic Factory Co. announces the Board of Director's recommendation to distribute cash dividends for the Financial Year ending on 31-12-2024	<a href="https://www.saudiexchange.sa/wps/portal/saudiexchange/newsandreports/issuer-news/issuer-announcements/issuer-announcements-details/?anId=85586&amp;anCat=1&amp;cs=9607&amp;locale=en">https://www.saudiexchange.sa/wps/portal/saudiexchange/newsandreports/issuer-news/issuer-announcements/issuer-announcements-details/?anId=85586&amp;anCat=1&amp;cs=9607&amp;locale=en</a>
06/05/2025	ASG Plastic Factory Co. Board invites its shareholders to attend the Extraordinary General Assembly Meeting the (First Meeting)	<a href="https://www.saudiexchange.sa/wps/portal/saudiexchange/newsandreports/issuer-news/issuer-announcements/issuer-announcements-details/?anId=87007&amp;anCat=1&amp;cs=9607&amp;locale=en">https://www.saudiexchange.sa/wps/portal/saudiexchange/newsandreports/issuer-news/issuer-announcements/issuer-announcements-details/?anId=87007&amp;anCat=1&amp;cs=9607&amp;locale=en</a>
18/05/2025	Addendum Announcement from ASG Plastic Factory Co. regarding the Invitation to its Shareholders to Attend the Extraordinary General Assembly Meeting (First Meeting)	<a href="https://www.saudiexchange.sa/wps/portal/saudiexchange/newsandreports/issuer-news/issuer-announcements/issuer-announcements-details/?anId=87473&amp;anCat=1&amp;cs=9607&amp;locale=en">https://www.saudiexchange.sa/wps/portal/saudiexchange/newsandreports/issuer-news/issuer-announcements/issuer-announcements-details/?anId=87473&amp;anCat=1&amp;cs=9607&amp;locale=en</a>
22/05/2025	ASG Plastic Factory Co. announces signing a Memorandum of Understanding with Al-Majma'ah University	<a href="https://www.saudiexchange.sa/wps/portal/saudiexchange/newsandreports/issuer-news/issuer-announcements/issuer-announcements-details/?anId=87575&amp;anCat=1&amp;cs=9607&amp;locale=en">https://www.saudiexchange.sa/wps/portal/saudiexchange/newsandreports/issuer-news/issuer-announcements/issuer-announcements-details/?anId=87575&amp;anCat=1&amp;cs=9607&amp;locale=en</a>
22/05/2025	ASG Plastic Factory Company announces to its shareholders the commencement of electronic voting on the agenda items of the Extraordinary General Assembly (First Meeting) (Reminder Announcement).	<a href="https://www.saudiexchange.sa/wps/portal/saudiexchange/newsandreports/issuer-news/issuer-announcements/issuer-announcements-details/?anId=87606&amp;anCat=1&amp;cs=9607&amp;locale=en">https://www.saudiexchange.sa/wps/portal/saudiexchange/newsandreports/issuer-news/issuer-announcements/issuer-announcements-details/?anId=87606&amp;anCat=1&amp;cs=9607&amp;locale=en</a>
28/05/2025	ASG Plastic Factory Co. Announces the Results of the Extraordinary General Assembly Meeting (First Meeting)	<a href="https://www.saudiexchange.sa/wps/portal/saudiexchange/newsandreports/issuer-news/issuer-announcements/issuer-announcements-details/?anId=87740&amp;anCat=1&amp;cs=9607&amp;locale=en">https://www.saudiexchange.sa/wps/portal/saudiexchange/newsandreports/issuer-news/issuer-announcements/issuer-announcements-details/?anId=87740&amp;anCat=1&amp;cs=9607&amp;locale=en</a>
17/08/2025	ASG Plastic Factory Co. announces its Interim Financial results for the period ending on 30-06-2025 (Six Months)	<a href="https://www.saudiexchange.sa/wps/portal/saudiexchange/newsandreports/issuer-news/issuer-announcements/issuer-announcements-details/?anId=89633&amp;anCat=1&amp;cs=9607&amp;locale=en">https://www.saudiexchange.sa/wps/portal/saudiexchange/newsandreports/issuer-news/issuer-announcements/issuer-announcements-details/?anId=89633&amp;anCat=1&amp;cs=9607&amp;locale=en</a>
17/08/2025	ASG Plastic Factory Co. announces the board of director's decision to distribute cash dividends for The first half of the fiscal year 2025	<a href="https://www.saudiexchange.sa/wps/portal/saudiexchange/newsandreports/issuer-news/issuer-announcements/issuer-announcements-details/?anId=89635&amp;anCat=1&amp;cs=9607&amp;locale=en">https://www.saudiexchange.sa/wps/portal/saudiexchange/newsandreports/issuer-news/issuer-announcements/issuer-announcements-details/?anId=89635&amp;anCat=1&amp;cs=9607&amp;locale=en</a>

Date	Announcement	Tadawul Website
20/08/2025	Correction Announcement from ASG Plastic Factory Co. Regarding the Modification of the Dividend Distribution Date for the First Half of the Financial Year 2025	<a href="https://www.saudiexchange.sa/wps/portal/saudiexchange/newsandreports/issuer-news/issuer-announcements/issuer-announcements-details/?anId=89700&amp;anCat=1&amp;cs=9607&amp;locale=en">https://www.saudiexchange.sa/wps/portal/saudiexchange/newsandreports/issuer-news/issuer-announcements/issuer-announcements-details/?anId=89700&amp;anCat=1&amp;cs=9607&amp;locale=en</a>
04/09/2025	ASG Plastic Factory Co. Announce about the latest developments regarding the factory expansion project	<a href="https://www.saudiexchange.sa/wps/portal/saudiexchange/newsandreports/issuer-news/issuer-announcements/issuer-announcements-details/?anId=90019&amp;anCat=1&amp;cs=9607&amp;locale=en">https://www.saudiexchange.sa/wps/portal/saudiexchange/newsandreports/issuer-news/issuer-announcements/issuer-announcements-details/?anId=90019&amp;anCat=1&amp;cs=9607&amp;locale=en</a>
24/09/2025	ASG Plastic Factory Co. Announces Regarding the Board of Directors' Approval to Construct a New Factory on an Area of One Hundred Thousand Nine Hundred and Fifty-Nine Square Meters (100,959 m <sup>2</sup> )	<a href="https://www.saudiexchange.sa/wps/portal/saudiexchange/newsandreports/issuer-news/issuer-announcements/issuer-announcements-details/?anId=90340&amp;anCat=1&amp;cs=9607&amp;locale=en">https://www.saudiexchange.sa/wps/portal/saudiexchange/newsandreports/issuer-news/issuer-announcements/issuer-announcements-details/?anId=90340&amp;anCat=1&amp;cs=9607&amp;locale=en</a>
24/09/2025	ASG Plastic Factory Co. Announces Resignation and Appointment of a Board Member	<a href="https://www.saudiexchange.sa/wps/portal/saudiexchange/newsandreports/issuer-news/issuer-announcements/issuer-announcements-details/?anId=90341&amp;anCat=1&amp;cs=9607&amp;locale=en">https://www.saudiexchange.sa/wps/portal/saudiexchange/newsandreports/issuer-news/issuer-announcements/issuer-announcements-details/?anId=90341&amp;anCat=1&amp;cs=9607&amp;locale=en</a>
11/11/2025	ASG Plastic Factory Co. announces that it has achieved the Advanced Level in the Smart Industry Readiness Index (SIRI) Assessment	<a href="https://www.saudiexchange.sa/wps/portal/saudiexchange/newsandreports/issuer-news/issuer-announcements/issuer-announcements-details/?anId=91438&amp;anCat=1&amp;cs=9607&amp;locale=en">https://www.saudiexchange.sa/wps/portal/saudiexchange/newsandreports/issuer-news/issuer-announcements/issuer-announcements-details/?anId=91438&amp;anCat=1&amp;cs=9607&amp;locale=en</a>
23/12/2025	ASG Plastic Factory Co. announces that its subsidiary, ASK Pipes Company, has been awarded second place in the MODON Industrial Excellence Award 2025 under the Human Capability Development track	<a href="https://www.saudiexchange.sa/wps/portal/saudiexchange/newsandreports/issuer-news/issuer-announcements/issuer-announcements-details/?anId=92207&amp;anCat=1&amp;cs=9607&amp;locale=en">https://www.saudiexchange.sa/wps/portal/saudiexchange/newsandreports/issuer-news/issuer-announcements/issuer-announcements-details/?anId=92207&amp;anCat=1&amp;cs=9607&amp;locale=en</a>

## Measures Taken by the Board of Directors to Inform its Members — Particularly Non-Executive Directors — of Shareholders' Proposals and Observations regarding the Company and its Performance

The Board of Directors and the Executive Management of the Company attach paramount importance to the proposals, observations, and opinions of shareholders, and remain keen to facilitate direct communication channels with them through the Investor Relations Department via the following methods:

- | Email: [Investorrelations@asgplastic.sa](mailto:Investorrelations@asgplastic.sa)
- | Telephone Number: +966559251726
- | Website: [www.asgplastic.sa](http://www.asgplastic.sa)

The Executive Management assumes responsibility for receiving the proposals and observations forwarded by the Investor Relations Department, subsequently transferring them to the Chairman of the Board of Directors and informing the non-executive members thereof. Should these proposals prove feasible or pertinent to the Company's business and strategic orientation, they are formally included in the agenda for discussion at the next meeting of the Board of Directors.

## General Assemblies of Shareholders

**A statement of the dates of the General Assemblies of Shareholders held during the last financial year and the names of the members of the Board of Directors who attended these assemblies.**

The Company held one General Assembly meeting for shareholders during the year 2025, which took place on 27/05/2025, within the framework of its commitment to corporate governance requirements, the Companies Law and its Implementing Regulations, and the enhancement of its communication with shareholders.

Attending General Assembly meetings is considered one of the most critical duties of a board member, as it reflects the Board's dedication to meeting with shareholders, listening to their observations and proposals, and addressing the matters they raise regarding the Company's business and strategic direction.

Members' Names	Extraordinary General Assembly Meeting 27/05/2025
Mr Othman Abdullah Al-Othman – Chairman of the Board of Directors	√
Mr Fahad Mohammed Al-Othman – Vice-Chairman of the Board of Directors	√
Ms Alanoud Nasser Al-Nasrallah – Chief Executive Officer and Board Member	√
Mr Ibrahim Mohammed Al-Shalan – Board Member (Independent)	√
Mr Mohammed Rafdan Al-Sahma – Board Member (Non-Executive) Former	√
Mr Mohammed Waleed Al-Numay – Board Member (Independent)	X

\* The member, Mr Mohammed Waleed Al-Numay, had not yet been appointed at the time the General Assembly of Shareholders was held.

# Dividend Distribution Policy

## Description of the Company's Dividend Distribution Policy

In accordance with Article Forty-Eight (48) and Article Fifty (50) of the Company's Articles of Association, the net profits of the Company shall be distributed as follows:

The Ordinary General Assembly may, when determining the dividend share of the net profits, resolve to form reserves to the extent that serves the interest of the Company or ensures the distribution of stable dividends to shareholders as far as possible. The General Assembly may also deduct amounts from the net profits to achieve social purposes for the Company's employees.

The General Assembly shall determine the percentage of net profits to be distributed to shareholders after deducting reserves, if any.

The Company may distribute semi-annual or quarterly interim dividends to shareholders, subject to fulfilling the following criteria:

- 1] The General Assembly must authorise the Board of Directors to distribute interim dividends pursuant to a resolution issued annually.
- 2] The Company must possess reasonable liquidity and be able to reasonably forecast its level of profits.
- 3] The Company must have distributable profits, according to the latest financial statements, sufficient to cover the proposed dividend distribution, after deducting any amounts distributed or capitalised from such profits subsequent to the date of those statements.

Distributable profits consist of the retained earnings balance appearing in the statement of financial position prepared at the end of the period immediately preceding the period in which the distribution decision is made, in addition to the balance of any distributable reserves. Distributable reserves include those formed from profits that have not been allocated for specific purposes, or those for which the purpose of creation has been resolved to be cancelled.

The Board of Directors must include in its annual report submitted to the General Assembly of the Company the percentages of dividends distributed to shareholders during the various periods of the financial year, in addition to the percentage of dividends proposed for distribution at the end of the financial year and the grand total of such dividends.

Upon resolving to distribute interim dividends, the Company is committed to disclosing and announcing the decision immediately, and providing the Authority with a copy thereof as soon as it is issued, if the Company is listed on the financial market.

In accordance with Article Forty-Nine (49) of the Company's Articles of Association, a shareholder is entitled to their share of profits pursuant to the General Assembly resolution issued in this regard. The resolution shall specify the entitlement date and the distribution date. Eligibility for dividends shall rest with the owners of shares registered in the shareholders' registers at the end of the specified entitlement day, and the Board of Directors must execute the resolution of the General Assembly regarding the distribution of dividends to shareholders.

### Dividend Distributions Executed during 2025

Period	Distribution Date	Distribution Percentage of Capital	Total Distribution (SAR)	Notes
First Distribution	15/06/2025	6.5%	4,582,500	Cash Distribution
Second Distribution	02/09/2025	5.5%	3,877,500	Cash Distribution
Proposed Dividends for Distribution at Year-End	-	6.5%	4,582,500	Subject to General Assembly Approval
Total	-	18.5%	13,042,500	-

#### Note:

The distributions executed on 15-06-2025 AD relate to the financial year-end of 2024 AD and were cited as proposed distributions in the previous report.

The Company's Board of Directors, in its meeting held on 19 February 2026, recommended the distribution of cash dividends at a rate of sixty-five Saudi Halalas (0.65) per share, amounting to a total of 4,582,500 Saudi Riyals, which remains subject to approval at the Company's Annual General Assembly meeting.

#### Statement of Any Arrangements or Agreements under which a Shareholder of the Company has Waived Any Rights to Dividends

There were no agreements or arrangements executed during the year 2025 under which any shareholder of the Company waived any rights to dividends.



## Brief Description of the Committees' Competencies and Tasks, Such as: the Audit Committee, the Nominations Committee, and the Remuneration Committee, Including the Names of the Committees, Their Chairmen, Their Members, the Number of Meetings Held, the Dates of Such Meetings, and the Attendance Data for Each Member at Each Meeting

### Audit Committee

The Audit Committee is composed of three members, as follows:

Name	Position
Mr Elsayed Ahmed Elsayed Elbaz	Chairman of the Audit Committee (External Member)
Lujain Mosaid Abdulmohsen Al-Mulaifi	Member of the Audit Committee (External Member)
Renad Ibrahim Abdulmohsen Al-muways	Member of the Audit Committee (External Member)

### Profiles of the Audit Committee Members

#### Mr. Elsayed Ahmed Elsayed Elbaz

<b>Position</b>	Chairman of the Audit Committee
<b>Date of Appointment</b>	07/12/2023
<b>Experience</b>	<ul style="list-style-type: none"> <li>  30 years of experience in the field of accounting</li> <li>  3 years of experience in the field of auditing and review</li> <li>  7 years of experience in the field of financial management</li> </ul>
<b>Previous Positions</b>	<ul style="list-style-type: none"> <li>  Accountant at Mohamed Neama Office from 1994 to 1996 .</li> <li>  Auditor at Hany Bayoumi Al-Sohaimi Office during 1997 .</li> <li>  Head of Internal Audit and Review Department at Al-Omairini Group of Companies from 2000 to 2001.</li> <li>  Chief Accountant and Project Accounting Manager at Al-Omairini Group of Companies from 2002 to 2003.</li> <li>  Senior Accounting Expert and Head of Department at the Expert Authority of the Egyptian Ministry of Justice from 2012 to 2018.</li> </ul>
<b>Current Positions</b>	<ul style="list-style-type: none"> <li>  Chief Financial Officer at Mohammed Nasser Al-Furaidi Plastic Industries Factory from 2018 to present.</li> <li>  Accounting Expert at the Egyptian Ministry of Justice from 1997 to present.</li> </ul>
<b>Academic Qualifications</b>	Obtained a Bachelor's Degree in Commerce, Accounting Department, from Mansoura University in the Arab Republic of Egypt in 1994.

### — Ms. Lujain Mosaid Abdulmohsen Al-Mulaifi

<b>Position</b>	Member of the Audit Committee
<b>Date of Appointment</b>	07/12/2023
<b>Experience</b>	3 years of experience in the field of accounting
<b>Previous Positions</b>	None
<b>Current Positions</b>	Accountant at ASG Plastic Factory Co. from 2022 to present.
<b>Academic Qualifications</b>	<ul style="list-style-type: none"> <li>  Obtained a Bachelor's Degree in Financial Management from Majmaah University in 2022.</li> <li>  Obtained the Professional Exam Certificate — Ifsah — provided by the Saudi Exchange (Tadawul).</li> <li>  Obtained the Securities General Certification (CME-1) from the Chartered Institute for Securities &amp; Investment (CISI).</li> </ul>

### — Ms. Renad Ibrahim Abdulmohsen Al-muways

<b>Position</b>	Member of the Audit Committee
<b>Date of Appointment</b>	07/12/2023
<b>Experience</b>	3 years of experience in the field of accounting
<b>Previous Positions</b>	None
<b>Current Positions</b>	Accountant at ASG Plastic Factory Co. from 2022 to present.
<b>Academic Qualifications</b>	<ul style="list-style-type: none"> <li>  Obtained a Bachelor's Degree in Accounting from Majmaah University in 2022.</li> <li>  Obtained the Professional Exam Certificate — Ifsah — provided by the Saudi Exchange (Tadawul).</li> <li>  Obtained the Securities General Certification (CME-1) from the Chartered Institute for Securities &amp; Investment (CISI).</li> </ul>

## Competencies of the Audit Committee

The Audit Committee is competent in monitoring the Company's business and verifying the integrity and soundness of its reports, financial statements, and internal control systems. The Committee's duties specifically include the following:

### — Duties and Responsibilities of the Internal Audit Department

- 1| Supervising the department's work, approving the annual internal audit plan, and taking necessary measures to empower the department to achieve its objectives, perform its duties, and ensure its independence.
- 2| Recommending to the Board the adoption of necessary policies for internal auditing within the Company.
- 3| Reviewing and approving the department's organisational structure.
- 4| Recommending to the Board of Directors the appointment of a General Manager of Internal Audit, recommending his or her dismissal or replacement, and determining his or her remuneration.
- 5| Approving the performance indicators of the department's General Manager and evaluating him or her based upon them.
- 6| Studying the Company's internal, financial, disclosure, and information technology control systems, ensuring their adequacy for running the Company's business, and submitting recommendations to the Board in respect thereof.
- 7| The Director of the Internal Audit Department reports functionally to the Audit Committee and administratively to the Chief Executive Officer, as follows:
  - The General Manager of Internal Audit reports directly and functionally to the Audit Committee regarding matters related to the execution of his or her duties, and this direct communication must not be disrupted by the Executive Management.
  - The General Manager of Internal Audit must report administratively to the Chief Executive Officer regarding matters related to the day-to-day operations of the Company.

### — Duties and Responsibilities Relating to the External Auditor

- 1| Recommending to the Board of Directors the nomination of Auditors, determining their fees, and evaluating their performance after ensuring their independence and reviewing their scope of work and contract terms, in preparation for submission to the General Assembly.
- 2| Verifying the Auditor's independence, objectivity, and fairness, as well as the effectiveness of the audit work, taking into consideration the relevant rules and standards, and studying and addressing any restrictions on the Auditor's work that might affect their capacity to perform their duties.
- 3| Studying the Auditor's plan and work, determining its scope, verifying that they do not provide technical, administrative, or advisory services outside the scope of audit work, and ensuring alignment with the department's plan while providing views thereon.
- 4| Monitoring the Auditor's work, ensuring their compliance with the specified scope of work, discussing matters with them, and answering their enquiries.
- 5| Studying the Auditor's report and their observations on the financial statements, and following up on the actions taken in respect thereof.

## — Duties and Responsibilities Relating to Financial Statements and Financial Reports

- 1| Studying the Company's interim and annual financial statements prior to their submission to the Board of Directors, and expressing its opinion to ensure their integrity, fairness, and transparency, and submitting recommendations in respect thereof to the Board and the General Assembly.
- 2| Providing a technical opinion — upon the request of the Board of Directors — as to whether the Board of Directors' report and the Company's financial statements are fair, balanced, and understandable, and whether they include the information necessary to enable shareholders and investors to assess the Company's financial position, performance, business model, and strategy.
- 3| Verifying accounting estimates on material matters contained in the financial reports, and thoroughly investigating any issues raised by the Company's Chief Financial Officer, or whoever assumes their duties, the Company's Compliance Officer, or the Auditor.
- 4| Studying the accounting policies adopted by the Company, and expressing opinions and recommendations to the Board of Directors in respect thereof.
- 5| Submitting an annual report to the Board of Directors incorporating the Audit Committee's views on the adequacy of the Company's internal financial control and risk management systems.
- 6| Studying the reports of the Internal Audit Department, the external auditor, and any other reports issued by the Company that fall within the scope of the Audit Committee's responsibility, and following up on the implementation of corrective measures for the observations contained therein.

## — Duties and Responsibilities Relating to Risk Management and Compliance Assurance

- 1| Ensuring the compliance of the Company and its employees with the relevant rules and regulations, and recommending appropriate actions in the event of non-compliance.
- 2| Determining the risk appetite level for the risks to which the Company may be exposed, and ensuring the effectiveness of the procedures adopted by the Company to protect against legal claims, lawsuits, and the risks of non-compliance with relevant rules and regulations.
- 3| The Committee must study any conflict-of-interest situation that may arise for any member of the Board of Directors or the committees, including the review of contracts and transactions proposed to be entered into by the Company with related parties, and submitting its views in respect thereof to the Board of Directors.
- 4| Reviewing periodically the report of the Director of the Risk Management and Compliance Department, or whoever performs their duties, and passing resolutions in respect thereof.
- 5| Escalating any matters to the Board of Directors where it deems action is necessary, and providing its recommendations on the measures to be taken.

## Audit Committee Meetings for the Year 2025

Member Name	Membership Capacity	Attendance Record of Audit Committee Meetings during 2025			
		First Meeting 27-02-2025	Second Meeting 17-08-2025	Third Meeting 04-11-2025	Fourth Meeting 30-12-2025
Mr Elsayed Ahmed Elsayed Elbaz	Chairman of the Audit Committee (External Member)	√	√	√	√
Lujain Mosaid Abdulmohsen Al-Mulaifi	Member of the Audit Committee (External Member)	√	√	√	√
Renad Ibrahim Abdulmohsen Al-muways	Member of the Audit Committee (External Member)	√	√	√	√

## Annual Audit Committee Report 2025

The Audit Committee of ASG Plastic Factory Co. is pleased to present to the Company's shareholders its annual report for the financial year ended 31 December 2025. This annual report has been prepared pursuant to Article Eighty-Eight of the Corporate Governance Regulations issued by the Capital Market Authority, detailing the performance of the Committee's competencies and duties prescribed under the said Regulations, and incorporating its recommendations and opinion on the adequacy of the internal, financial, and risk management control systems within the Company.

**The Committee has undertaken numerous activities, and a summary of its most prominent work is set out below:**

### — Financial Statements

The Audit Committee discussed the independent auditor's report and examined the Company's annual financial statements for the financial year ended 31/12/2024, as well as the semi-annual interim financial statements for the period ended 30/06/2025. Material matters and the underlying causes of variances were discussed with the Executive Management, and the adequacy of disclosures alongside compliance with approved accounting policies and standards were duly verified.

Furthermore, the Committee confirmed the absence of any material instructions or reservations affecting the fair presentation of the financial statements.

The Committee also recommended commencing the preparation of quarterly financial statements in anticipation of the future transition to the Main Market, given that the Company is nearing the fulfilment of the condition requiring two years to have elapsed since listing on the Parallel Market. This aims to provide comparative financial data that will support the audited statements upon transition, and to elevate the level of transparency for investors in alignment with the Company's vision and strategic plans.

### — Related Party Transactions

The Audit Committee reviewed the contracts and transactions entered into by the Company during the financial year ended 31/12/2024 with related parties in which members of the Board of Directors hold a direct or indirect interest, as disclosed in the financial statements. The Committee recommended the approval of those transactions after verifying that they were conducted within the ordinary course of the Company's business and in accordance with prevailing commercial terms, without any preferential treatment.

### — External Auditors

The Audit Committee approved the appointment of M/s RSM Allied Accountants Professional Consultancies as the Company's Auditor to examine, review, and audit the semi-annual and annual financial statements for the year 2025, and approved their fees, and raised its recommendation accordingly.

Furthermore, the Committee authorised the Chief Financial Officer to invite quotations for the appointment of a certified external auditor for the financial year 2026.

### — Whistleblowing and Whistleblower Protection Policy

The Committee reviewed the Whistleblowing and Whistleblower Protection Policy, discussed its clauses, and verified its integrity and suitability; accordingly, it submitted a recommendation to the Board of Directors for its adoption.

### — Internal Audit

The Audit Committee reviewed the internal audit plan for the year 2025, discussed it with the internal auditor, and evaluated the level of compliance with approved procedures and policies. The Committee commended the quality of the submitted reports relative to the available resources.

The Committee also discussed means to develop the department's work and enhance the effectiveness of implementing recommendations, thereby contributing to elevating performance efficiency and improving the internal control environment. Following the discussion, it was agreed to outsource an independent external audit firm. Consequently, the Committee recommended the appointment of the Office of Ahmed Mahmoud Ali Al-Najjar to evaluate the level of compliance, review the working methodology, and examine the outcomes of the plan to ensure alignment, and approved their fees.

In this context, the Committee reviewed the resignation letter submitted by the Director of Internal Audit, Ms Al-Hanouf Sunaid Ibrahim Al-Sunaid, due to personal circumstances. Accordingly, it was approved that the resignation would take effect from 11/07/1447 AH, corresponding to 31/12/2025. After reviewing a number of nominations, the Committee recommended the appointment of Ms Razan Mohammed Ibrahim Al-Oud as Director of Internal Audit, given the qualifications and competence she possesses that qualify her to hold this position, and determined her annual remuneration.

## — Credit Rating

The Committee recommended the approval of assigning credit rating services to Tasreef Gate Rating Agency (SIMAH Rating) and approving their fees, following a review of several quotations. This step constitutes a fundamental pillar in supporting financing operations and elevating the standards of governance and transparency, thereby enhancing the Company's credibility among investors and all relevant stakeholders within the framework of the risk management plan.

## — Actuarial Valuation of Employee Benefits

It was recommended to change the service provider for the actuarial valuation of employee benefits for the year 2025, and to approve the appointment of Aba'ad Management Consultants and approve their fees. This decision was based on their expertise and professional reputation, which will enhance the precision of the Company's estimates and consequently reflect positively on the fair presentation of the Company's financial statements.

## **Results of the Annual Review of the Effectiveness of the Company's Internal Control Procedures, and the Opinion of the Audit Committee on the Adequacy of the Internal Control and Risk Management Systems within the Company**

The internal control system represents the cornerstone of the corporate governance framework, as it forms the structure through which operations are regulated, risks are managed, assets are safeguarded, and the reliability of financial reporting is enhanced.

Internal control is not viewed merely as a set of standalone procedures, but rather as an integrated system underpinned by a risk-aware organisational culture, clear definitions of authorities and responsibilities, and controls designed to strike a balance between operational efficiency, compliance, and transparency.

In this context, the Audit Committee reaffirms that the Company's Executive Management is responsible for designing and implementing a comprehensive and effective internal control system commensurate with the nature and scale of its operations.

Furthermore, the system aims to mitigate the probability of material errors or losses occurring by providing a reasonable degree of assurance, though this does not imply an absolute capacity to eliminate all risks entirely.

Based on the periodic reviews and reports presented to the Committee during the year 2025 by the Internal Audit Department, the Compliance Department, the external auditors, the Executive Management, and the Risk Management Department, the Audit Committee is of the opinion that the financial, operational, and internal controls, as well as the risk management systems, are sound, effective, and efficient. Moreover, no material deficiencies requiring disclosure were identified by the Committee in relation to either the internal control system or financial reporting, and no material events occurred during the year 2025 that would necessitate disclosure.

## **Audit Committee's recommendation regarding the appointment of an internal auditor, in the event that such a recommendation was made during the last financial year.**

The Committee reviewed the resignation letter submitted by the Director of Internal Audit, Ms Al-Hanouf Sunaid Ibrahim Al-Sunaid, due to personal circumstances. Accordingly, it was approved that the resignation would take effect from 11/07/1447 AH, corresponding to 31/12/2025. After reviewing a number of nominations, the Committee recommended the appointment of Ms Razan Mohammed Ibrahim Al-Oud as Director of Internal Audit, given the qualifications and competence she possesses that qualify her to hold this position, and determined her annual remuneration.

## **Recommendations of the Audit Committee Where a Conflict Exists Between Them and the Resolutions of the Board of Directors, or Which the Board Refused to Adopt, Regarding the Appointment, Dismissal, Fee Determination, and Performance Evaluation of the Company's Auditor or the Appointment of the Internal Auditor, Alongside the Justifications for Such Recommendations and the Reasons for Their Non-Adoption**

The Audit Committee did not issue any recommendations that conflicted with the resolutions of the Board of Directors during the year 2025, nor were any of its recommendations rejected concerning the appointment or dismissal of the Company's Auditors, the determination of their fees, the evaluation of their performance, or the appointment of the internal auditor.

## **Challenges, Risks, and Their Management and Monitoring Policies**

**Information regarding any risks faced by the Company (whether operational risks, financial risks, or market risks) and the policy for managing and monitoring such risks.**

### **— Risk Management**

The Group is exposed to a number of financial risks as a result of its operational activities, in common with many companies. Management establishes policies and procedures aimed at identifying, measuring, and monitoring these risks to ensure that their potential impacts on financial performance are mitigated.

**The nature of these risks and their management mechanisms are outlined below:**

#### **1 | Credit Risk**

Credit risk represents the probability that customers or counterparties will default on their financial obligations to the Group, and is primarily concentrated in trade receivables and cash balances held with banks. The Group maintains its cash balances with banks holding a credit rating of A- or higher, and applies the simplified approach of International Financial Reporting Standard 9 (IFRS 9) to measure expected credit losses on trade receivables.

Trade receivables are primarily concentrated within the Kingdom of Saudi Arabia at a proportion of 99.96%, compared to 0.04% in the Gulf Cooperation Council (GCC) countries (excluding the Kingdom). Furthermore, the top five customers account for approximately 11.5% of the total outstanding trade receivables as at 31 December 2025, compared to approximately 35% in 2024.

The Group manages this risk by establishing credit limits for customers and continuously monitoring outstanding receivables. Moreover, the Group has secured a long-term credit rating of BBB- and a short-term rating of T-4, reflecting its creditworthiness and capacity to meet its financial obligations backed by stable operational cash flows and a sound financial position. This supports the stability of its performance, operational and expansion plans, and its commitment to implementing an effective framework for governance and risk management.

## 2 | Market Risk

Market risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in prevailing market prices.

Market risk is divided into three types, as follows:

### | Interest Rate Risk

The Group manages interest rate risk through the utilization of fixed-rate debt and deposits. The Group monitors fluctuations in interest rates, and Management has assessed that the impact on the profit for the year resulting from an increase or decrease in interest rates is immaterial.

### | Currency Risk

Currency risk arises from fluctuations in the value of a financial instrument due to volatility in foreign exchange rates. The Group is not materially exposed to foreign exchange rate fluctuations during its ordinary course of business, given that the Company's primary material transactions are conducted in Saudi Riyals and US Dollars. Since the Saudi Riyal is pegged to the US Dollar, balances denominated in Saudi Riyals do not constitute a material currency risk.

### | Fair Value

The fair value of the financial assets and liabilities of the Group does not differ materially from the carrying amount stated in the consolidated financial statements.

## 3 | Competition and Market Share Reduction Risk

Competition risk represents the probability that the Company's performance will be affected by an increasing number of competitors in the market or the expansion of existing companies in their productive and commercial activities. This may lead to an oversupply of similar products, and price competition or the introduction of alternative products could impact the Company's ability to maintain its market share and achieve targeted profitability levels. The Company continuously monitors market developments and analyses competitor and customer behavior with the objective of maintaining its competitive edge and strengthening its market position.

These risks include the following:

- | Price Competition: Certain competitors may resort to offering products at lower prices, which could exert pressure on profit margins and affect pricing structures.
- | Entry of New Competitors: The entry of new companies or factories may increase the production capacity available in the market and impact the Company's share.
- | Changing Customer Preferences: Certain customers may shift toward other suppliers who offer alternative advantages, such as payment facilities, delivery speed, or additional services.
- | Product Expansion by Competitors: Competitors developing new products or improving the quality of their existing products may increase their competitive capability.

The Company seeks to mitigate these risks by maintaining the quality of its products, strengthening its relationships with customers, improving operational efficiency, and continuously monitoring market developments.

#### 4 | Information Technology and Cybersecurity Risk

In managing its operational and financial activities, the Company relies on a number of technical and information systems, including accounting systems, Enterprise Resource Planning (ERP) systems, and databases. These systems may be exposed to technical or security risks, such as technical failures, electronic breaches, or data loss, which could lead to the disruption of certain operational processes or affect the integrity of data and information. The Company endeavours to mitigate these risks by implementing information security controls, periodically updating systems, and employing backup solutions and network protection to ensure business continuity and data protection.

These risks include the following:

- | **Technical System Failure:** Failures in systems, servers, or networks may disrupt certain operational or administrative processes.
- | **Cyberattacks:** Systems may be subject to attempted breaches or electronic attacks that could affect the confidentiality and integrity of information.
- | **Data Loss or Corruption:** Technical failures, operational errors, or cyberattacks may result in the loss or corruption of certain data.
- | **Information Security Risks:** Unauthorised use of systems or weak technical controls may lead to the leakage of sensitive data.

The Company works to mitigate these risks by implementing information security policies, utilising technical protection systems, and performing periodic data backups, in addition to continuously updating technical systems and monitoring electronic activities.

### **Impact of These Risks on the Company's Performance and Operations**

The risks referred to above, should they materialise, may affect the Company's performance, business results, and cash flows. They could lead to a reduction in revenue, pressure on profit margins, or an increase in operating costs, alongside the potential disruption of certain operational processes or the impairment of supply chain efficiency. Furthermore, some of these risks may result in the loss of market share, a decline in demand for the Company's products, or delays in project execution and delivery to customers.

The Company is currently working on developing an integrated risk management framework, which includes the preparation of relevant policies and procedures, as well as attracting specialised talent in this field. This aims to enhance the Company's ability to identify, measure, and monitor risks systematically. Risk management is considered one of the Company's strategic priorities, as it seeks to apply best practices to support business continuity and mitigate potential negative impacts on its performance.

## Auditor

The General Assembly, held on 27 May 2025, approved the proposal of the Company's Board of Directors, which was based on the recommendation of the Audit Committee, to appoint Messrs RSM Allied Accountants Professional Consultancies as the Company's certified public accountant to audit the consolidated financial statements of the Group for the first half of 2025 and the financial year ending 31 December 2025.

There is no recommendation by the Board of Directors to replace the Auditor prior to the expiration of the period for which they were appointed.

### **Auditor's Reservations on the Annual Financial Statements for the Financial Year Ended 31 December 2025**

The report of the certified public accountant (Auditor) did not contain any reservations on the annual financial statements for the financial year ended 31 December 2025.

### **Clarification of Any Variance from the Accounting Standards Approved by the Saudi Organization for Chartered and Professional Accountants (SOCPA)**

There is no variance from the accounting standards approved by the Saudi Organization for Chartered and Professional Accountants (SOCPA), as the financial statements are prepared in accordance with these standards, and the Company remains committed to applying them pursuant to the relevant rules and regulations.

## Evaluation of the Performance of the Board of Directors and its Committees

**Where applicable, the methods applied by the Board of Directors in evaluating its performance and the performance of its committees and members, as well as the external entity that conducted the evaluation and its relationship with the Company, if any.**

The performance of the Board of Directors, its individual members, and its standard committees during the year 2025 was evaluated utilizing a self-assessment methodology. This was conducted in addition to reviewing the minutes of meetings, committee reports, attendance and participation logs, and the extent of follow-up on the execution of resolutions and recommendations issued by the Board.

The Company did not engage any external body to conduct this evaluation during the year 2025.

## Executive Management

The Executive Management consists of three members, as follows:

No.	Name	Position
1	Alanoud Nasser Abdullah Al-Nasrallah	Chief Executive Officer
2	Fahad Mohammed Fahad Al-Othman	Marketing Director
3	Antar Elsayed Naeem Salem	Chief Financial Officer

### Profiles of the Executive Management Members

No.	Name	Current Position	Experience	Previous Positions	Academic Qualifications
1	Alanoud Nasser Abdullah Al-Nasrallah			Please refer to the Board of Directors section	
2	Fahad Mohammed Fahad Al-Othman			Please refer to the Board of Directors section	
3	Antar Elsayed Naeem Salem	Executive Chief Financial Officer of ASG Plastic Group from 2023 to present	<ul style="list-style-type: none"> <li>11 years of experience in the field of accounting</li> <li>2 years of experience in the field of internal auditing and review</li> <li>2 years of experience in the field of financial management</li> </ul>	<ul style="list-style-type: none"> <li>Accounts Receivable Accountant at New President Printing Company in the Arab Republic of Egypt from 2008 to 2010.</li> <li>Senior Accountant at Hessa Mohammed Ali Al-Salloum Establishment from 2010 to 2012.</li> <li>Senior Accountant at ASG Plastic Factory Co. from 2013 to 2015.</li> <li>Internal Auditor at ASG Plastic Factory Co. from 2016 to 2018.</li> <li>Chief Accountant at ASK Pipes Company from 2019 to 2021.</li> <li>Chief Accountant at ASG Plastic Factory Co. from 2021 to 2023.</li> </ul>	<ul style="list-style-type: none"> <li>Obtained a Bachelor's Degree in Commerce, Accounting Department, from Zagazig University in the Arab Republic of Egypt in 2008.</li> <li>Obtained the Professional Exam Certificate — Ifsah — provided by the Saudi Exchange (Tadawul).</li> <li>Obtained the Securities General Certification (CME-1) from the Chartered Institute for Securities &amp; Investment (CISI).</li> <li>Obtained the International Computer Driving Licence (ICDL).</li> <li>Obtained the Corporate Finance Fundamentals Certificate from the Corporate Finance Institute (CFI) – Canada.</li> <li>Obtained the Accounting Fundamentals Certificate from the Corporate Finance Institute (CFI) – Canada.</li> </ul>

## Disclosure of Remuneration for Board Members, Executive Management, and Committee Members

In granting remuneration to members of the Board of Directors, committees, and Executive Management, the Company relies on its Remuneration Policy for Board Members, Committee Members, and Executive Management. This policy has been formulated in accordance with the Companies Law, the Capital Market Law, and their respective Implementing Regulations. Based on this policy, remuneration is determined and disbursed according to clear controls and criteria that ensure a correlation between remuneration and the Company's strategy, objectives, nature of activity, scale, and risk profile. Furthermore, considerations such as job level, duties, responsibilities, qualifications, experience, and performance levels are factored in to achieve fairness and proportionality, while ensuring that remuneration is not excessive. The policy further stipulates that its preparation and review fall within the competency of the Remuneration and Nominations Committee, where applicable, or the Board of Directors, as the case may be.

Given that no Remuneration and Nominations Committee had been established by the end of the reporting period, the Board of Directors oversees all matters pertaining to remuneration in accordance with the approved policy and relevant regulations. The amended version of the policy was approved by the Ordinary General Assembly on 27 June 2024.

The policy is founded upon several key principles, most notably: aligning remuneration with the Company's strategy and objectives; considering the nature of the Company's business, its size, and the associated risk levels; and linking remuneration to seniority, duties, responsibilities, qualifications, experience, and performance. This approach ensures fairness and proportionality, avoids excessiveness, and contributes to attracting, retaining, and motivating professional talent.

Board remuneration — as approved by the General Assembly and pursuant to the policy — may comprise a fixed sum, attendance fees for meetings, in-kind benefits, or a specific percentage of net profits; it is permissible to combine two or more of these benefits.

Furthermore, Audit Committee remuneration includes attendance fees and annual bonuses in accordance with the controls specified in the policy. Executive Management remuneration includes basic salary, insurance benefits, allowances, performance-related annual bonuses, short- or long-term incentive plans, and any other benefits approved by the Board of Directors.

The following table details the remuneration, allowances, compensation, and benefits granted to members of the Board of Directors, committee members, and Executive Management during the financial year 2025, in accordance with disclosure requirements.

## Board of Directors' Remuneration

Member Name	Fixed Remuneration						Variable Remuneration						End of Service Award	Grand Total	Expense Allowance	
	Fixed Amount	Board Meeting Attendance Fees	Total Committee Meeting Attendance Fees	In-kind Benefits	Payments to Board members as employees or executives, or for technical, administrative, or consultancy work	Chairman, Managing Director, or Secretary Remuneration	Total	Percentage of Profits	Periodic Remuneration	Short-term Incentive Plans	Long-term Incentive Plans	Granted Shares				Total
<b>Independent Members</b>																
Ibrahim Mohammed Ibrahim Al-Shaalan	-	12,000	-	-	-	-	12,000	-	-	-	-	-	-	-	12,000	-
Mohammed Walid Saleh Al-Nimai	-	4,000	-	-	-	-	4,000	-	-	-	-	-	-	-	4,000	-
<b>Total</b>	-	<b>16,000</b>	-	-	-	-	<b>16,000</b>	-	-	-	-	-	-	-	<b>16,000</b>	-
<b>Non-Executive Members</b>																
Othman Abdullah Othman Al-Othman	-	15,000	-	-	-	-	15,000	-	-	-	-	-	-	-	15,000	-
Mohammed Rafdan Ata'allah Al-Sahma	-	7,500	-	-	-	-	7,500	-	-	-	-	-	-	-	7,500	-
<b>Total</b>	-	<b>22,500</b>	-	-	-	-	<b>22,500</b>	-	-	-	-	-	-	-	<b>22,500</b>	-
<b>Executive Members</b>																
Fahad Mohammed Fahad Al-Othman	-	15,000	-	-	-	-	15,000	-	-	-	-	-	-	-	15,000	-
Alanoud Nasser Abdullah Al-Nasrallah	-	15,000	-	-	-	-	15,000	-	-	-	-	-	-	-	15,000	-
<b>Total</b>	-	<b>30,000</b>	-	-	-	-	<b>30,000</b>	-	-	-	-	-	-	-	<b>30,000</b>	-

All amounts are stated in Saudi Riyals (SAR).

## Statement of Payments to Board Members in their Capacity as Employees or Executives, or for Technical, Administrative, or Consultancy Services

No member of the Board of Directors received any payments in their capacity as employees or executives, or in exchange for technical, administrative, or consultancy services.

### Executive Management Remuneration

	Fixed Remuneration				Variable Remuneration						End of Service Award	Total Executive Remuneration for Board Membership (if any)	Grand Total
	Salaries	Allowances	In-kind Benefits	Total	Periodic Remuneration	Profits	Short-term Incentive Plans	Long-term Incentive Plans	Granted Shares	Total			
Chief Executive Officer	129,960	3,800	-	133,760	-	-	-	-	-	-	-	25,000	158,760
Marketing Director	108,300	2,000	-	110,300	-	-	-	-	-	-	-	25,000	135,300
Chief Financial Officer	37,800	54,723	-	92,523	-	-	-	-	-	-	-	-	92,523
<b>Total</b>	<b>276,060</b>	<b>60,523</b>	<b>-</b>	<b>336,583</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>50,000</b>	<b>386,583</b>

> All amounts are stated in Saudi Riyals (SAR).

Pursuant to the Corporate Governance Regulations, the disclosure of the five senior executives who received the highest remuneration is required; however, the current positions within the Company's organisational structure include only the three senior executives listed above (Chief Executive Officer, Marketing Director, and Chief Financial Officer).

## Audit Committee Remuneration

Member Name	Fixed Remuneration (Excluding Meeting Attendance Fees)	Meeting Attendance Fees	Total
Mr. Elsayed Ahmed Elsayed Elbaz	7,000	6,000	13,000
Lujain Mosaid Abdulmohsen Al-Mulaifi	3,000	6,000	9,000
Renad Ibrahim Abdulmohsen Al-muways	3,000	6,000	9,000
<b>Total</b>	<b>13,000</b>	<b>18,000</b>	<b>31,000</b>

> \* All amounts are stated in Saudi Riyals (SAR).

### Clarification of the Relationship Between the Remuneration Granted and the Applicable Remuneration Policy, and a Statement of Any Material Deviation from the Policy

The remuneration granted during the financial year 2025 was in alignment with the Company's approved Remuneration Policy, and there were no material deviations from the provisions and controls set forth in the said policy.

### Statement of Any Arrangements or Agreements Under Which a Member of the Board of Directors or a Senior Executive Waived Any Remuneration

During the year 2025, there were no agreements under which any member of the Board of Directors or senior executives waived any remuneration due to them.

### Description of Any Interest, Contractual Securities, and Subscription Rights Belonging to Board Members, Senior Executives, and Their Relatives in the Shares or Debt Instruments of the Company or Its Subsidiaries, and Any Change in Such Interest or Rights During the Last Financial Year

Description of any interest, contractual securities, and subscription rights belonging to Board members and their relatives in the shares or debt instruments of the Company							
No.	Name of Person Holding the Interest, Contractual Securities, or Subscription Rights	Beginning of Year		End of Year		Net Change	Change Percentage
		Number of Shares	Debt Instruments	Number of Shares	Debt Instruments		
1	Mohammed Fahad Nasser Al-Othman	2,898,000	0	2,859,928	0	(38,072)	(1.31%)
2	Abdullah Mohammed bin Fahad Al-Othman	29,017	0	9,193	0	(19,824)	(68.32%)
3	Mohammed Abdullah Othman Al-Othman	252,000	0	257,963	0	5,963	2.37%
4	Walid Saleh Abdulrahman Al-Nimai	0	0	3,000	0	3,000	Absolute increase of 3,000

> \* All amounts are stated in Saudi Riyals (SAR)

**Description of any interest in the class of voting shares belonging to persons (excluding Board members, senior executives, and their relatives) who have notified the Company of such rights pursuant to Article Eighty-Five of the Rules on the Offer of Securities and Continuing Obligations**

The Company received no notifications regarding interests of this nature during the year 2025.

**Description of the classes and numbers of any convertible debt instruments, contractual securities, subscription warrants, or similar rights issued or granted by the Company during the financial year 2025, together with an explanation of any consideration received by the Company in exchange thereof**

The Company did not issue or grant any convertible debt instruments, contractual securities, subscription warrants, or similar rights during the financial year 2025.

**Description of any conversion or subscription rights under convertible debt instruments, contractual securities, subscription warrants, or similar rights issued or granted by the Company**

The Company did not issue or grant any conversion or subscription rights under convertible debt instruments, contractual securities, subscription warrants, or similar rights during the year 2025.

**Description of any redemption, purchase, or cancellation by the Company of any redeemable debt instruments, and the value of the remaining securities, distinguishing between listed securities purchased by the Company and those purchased by its subsidiaries**

During the year 2025, there were no transactions involving the redemption, purchase, or cancellation by the Company of any redeemable debt instruments.

**Details of shares and debt instruments issued for each subsidiary**

Neither the Company nor its subsidiaries issued any shares or debt instruments during the year 2025.

**Details of treasury shares held by the Company and details of the uses of such shares**

The Company held no treasury shares during the year 2025.

**Statement of the value of any investments or reserves established for the benefit of the Company's employees**

The Company did not establish any special investments or reserves for the benefit of its employees during the year 2025.

**Information relating to any business competing with the Company or any of its branches of activity in which any member of the Board of Directors is or was engaged**

There are no businesses competing with the Company or any of its branches of activity in which any member of the Board of Directors is or was engaged.

**Information regarding any loans Owed by the Company (whether payable on demand or otherwise), a statement of the total indebtedness of the Company and its subsidiaries, any amounts paid by the Company in repayment of loans during the year, the principal amount of the loan, the name of the lender, its duration, and the remaining amount. In the event that there are no loans of the Company, it shall provide a declaration to that effect.**

No.	Name of the Lender	Principal Loan Amount	Amounts Paid in Repayment of the Loan during the Year	Remaining Loan Balance	Total Indebtedness of the Company and Its Subsidiary
1	Saudi Industrial Development Fund	35,000,000	-	35,000,000	35,000,000

> \* All amounts are stated in Saudi Riyals (SAR).

On 31 December 2025, the Group entered into an agreement with the Saudi Industrial Development Fund to obtain a loan for a total value of SAR 35,000,000 for a term of two years, for the purpose of financing working capital. The loan proceeds were received on 18 January 2026. The Company confirms that this loan pertains solely to the parent company, and there are no outstanding loans or financing obligations encumbering the subsidiary during the financial year 2025.

## Sanctions and Penalties

Any punishment, penalty, precautionary measure, or preventive restriction imposed on the Company by the Authority or by any supervisory, regulatory, or judicial body, with a statement of the reasons for the violation, the imposing authority, and the means of remediation and prevention of future occurrence.

The Group remains committed to the laws, regulations, and instructions issued by the relevant supervisory and regulatory authorities, and is keen to enhance the level of compliance across its various operations and activities. The violations recorded during the year 2025 were treated as an opportunity to strengthen supervisory and corrective procedures and to elevate compliance standards. The following table details the sanctions or fines issued during the financial year 2025, stating their causes, the issuing authorities, and the measures taken to address them and prevent their recurrence:

Company Subject to the Violation	Punishment / Penalty	Reasons for Violation	Imposing Authority	Means of Remediation and Prevention of Future Occurrence
ASK Pipes Company	SAR 8,000	Employment of non-Saudi workforce in professions or activities restricted to Saudis	Ministry of Human Resources and Social Development	The status of the position was rectified, and oversight of appointments was strengthened to ensure compliance with the restriction of specific professions to Saudis.
ASG Plastic Factory Co.	Warning	The employer enabling a non-Saudi worker to work in a profession different from the one recorded on their work permit	Ministry of Human Resources and Social Development	The status of employees was reviewed, and oversight was enhanced to ensure that actual tasks align with the approved professions on work permits.

The Group confirms that it has taken the necessary corrective actions to address the causes of the aforementioned violations and is working to strengthen supervisory controls and raise compliance levels to mitigate the risk of recurrence in the future.

## Declarations of the Board of Directors

The Board of Directors of ASG Plastic Factory Co. hereby declares the following:

- | That the accounting records have been correctly prepared.
- | That the internal control system was established on sound foundations and has been effectively implemented.
- | That there is no doubt whatsoever regarding the Company's ability to continue its activities as a going concern.
- | That there are no businesses competing with the Company or any of its branches of activity in which any member of the Board of Directors is or was engaged.
- | That there are no transactions between the Company and any related party.



# Financial Data

# 04

## Summary in the form of a table or graph of the Company's assets, liabilities, and results of operations for the last five financial years, or since the date of incorporation, whichever is shorter.

Statement	2025	2024	2023	2022	2021
Current Assets	92,236,705	87,771,828	47,791,888	34,530,578	26,265,967
Non-Current Assets	92,190,647	63,729,248	39,400,532	33,793,141	25,980,288
Total Assets	184,427,352	151,501,076	87,192,420	68,323,719	52,246,255
Current Liabilities	19,384,791	13,000,690	8,236,257	24,623,999	17,680,957
Non-Current Liabilities	9,677,949	7,454,191	6,092,581	5,380,027	5,572,837
Total Liabilities	29,062,740	20,454,881	14,328,838	30,004,026	23,253,794

> \* All amounts are stated in Saudi Riyals (SAR).

The Company's financial position demonstrates robust and sustainable growth over the past five years. Total assets increased from SAR 52.25 million in 2021 to SAR 184.43 million in 2025, reflecting a clear operational and investment expansion and an increase in business volume. Specifically, during the 2025 financial year, total assets recorded a growth of 21.73% compared to 2024.

Non-current assets witnessed significant growth of 44.66% during 2025, indicating a strategic direction towards enhancing production capacity and investing in non-current assets to support future growth. Current assets also rose by 5.09%, reflecting the ongoing expansion of activities and an improved operating cycle.

Conversely, although total liabilities rose to SAR 29.06 million in 2025—representing an annual growth rate of 42.08%—the growth in assets continues to outpace the growth in liabilities over the long term, thereby demonstrating the solidity of the financial position.

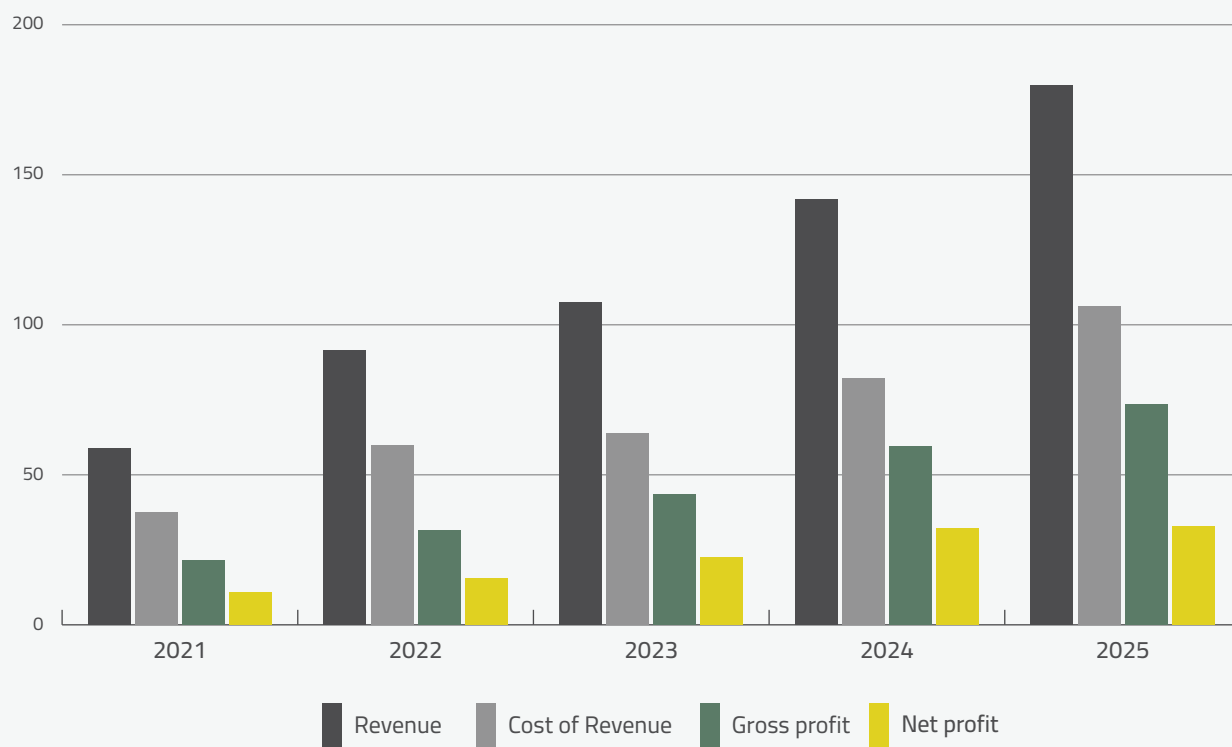
Overall, the statement of financial position reflects a strong financial structure and a calculated expansion of assets, while maintaining low risk levels. This enhances the Company's ability to finance its future growth efficiently and sustainably.

## Statement of Business Results for Five Years

Statement	2025	2024	2023	2022	2021
Revenue	179,786,267	141,719,183	107,376,722	91,439,859	58,799,453
Cost of Revenue	106,240,670	82,134,789	63,885,710	59,946,284	37,355,974
Gross Profit	73,545,597	59,584,394	43,491,012	31,493,575	21,443,479
Net Profit	32,936,326	32,208,951	22,517,089	15,541,223	10,879,576

> \* All amounts are stated in Saudi Riyals (SAR).

Million SAR



The business results over the past five years reflect accelerated growth in the scale of activity and continuous improvement in profitability. Revenue rose from SAR 58.80 million in 2021 to SAR 179.79 million in 2025. In 2025 alone, revenue recorded a growth of 26.86% compared to 2024, confirming the ongoing expansion of market share and increased sales volume.

Gross profit also rose to SAR 73.55 million in 2025, representing an annual growth rate of 23.43%, which reflects improved efficiency in operational processes and cost management. Despite a 29.35% increase in the cost of revenue in 2025 due to the expanded volume of business, the Company maintained robust profit margins.

Net profit reached SAR 32.94 million in 2025, achieving an annual growth of 2.26% compared to 2024. This reflects the stability of operational performance and the Company's ability to convert revenue growth into actual sustainable profits.

Overall, the results demonstrate the expansion of the revenue base, the enhancement of operational profitability, and the sustained positive performance over five years, reflecting the strength of the operational model and management's efficiency in achieving balanced and sustainable growth.

## Statement of Cash Flows for Five Years

All amounts are stated in Saudi Riyals (SAR).

Statement	2025	2024	2023	2022	2021
Net cash (used in)/generated from operating activities	22,316,813	21,824,357	19,860,593	18,981,598	(785,453)
Net cash used in investing activities	(36,815,219)	(28,776,380)	(10,468,711)	(12,170,797)	(4,442,841)
Net cash (used in)/generated from financing activities	(9,720,713)	25,165,971	(4,462,323)	(3,493,133)	5,562,624
Net change in cash at banks	(24,219,119)	18,213,948	4,929,559	3,317,668	334,330
Cash at banks at the beginning of the year	26,973,377	8,759,429	3,829,870	512,202	177,872
Cash at banks at the end of the year	2,754,258	26,973,377	8,759,429	3,829,870	512,202

## Geographical Analysis of Total Revenue for the Company and Its Subsidiary

Geographical Analysis of Total Revenue for ASG Plastic Factory Co. (The Parent Company)				
Year	Kingdom of Saudi Arabia	Other GCC Countries	Other Countries	Total
2025	123,139,417	1,730,965	59,398	<b>124,929,780</b>
2024	100,451,344	1,592,667	74,290	<b>102,118,301</b>

> \* All amounts are stated in Saudi Riyals (SAR).

Geographical Analysis of Total Revenue for ASK Pipes Company (The Subsidiary)				
Year	Kingdom of Saudi Arabia	Other GCC Countries	Other Countries	Total
2025	54,856,486.40	-	-	<b>54,856,486.40</b>
2024	39,600,881.58	-	-	<b>39,600,881.58</b>

> \* All amounts are stated in Saudi Riyals (SAR).

The Company's revenue is primarily concentrated within the Kingdom of Saudi Arabia, accounting for 98.57% of total revenue (SAR 123.14 million), which reflects its strong domestic reach and significant reliance on the internal market. Sales to other GCC countries represent approximately 1.38% (SAR 1.73 million), while sales to other countries constitute a very limited proportion, approximately 0.05% of total revenue.

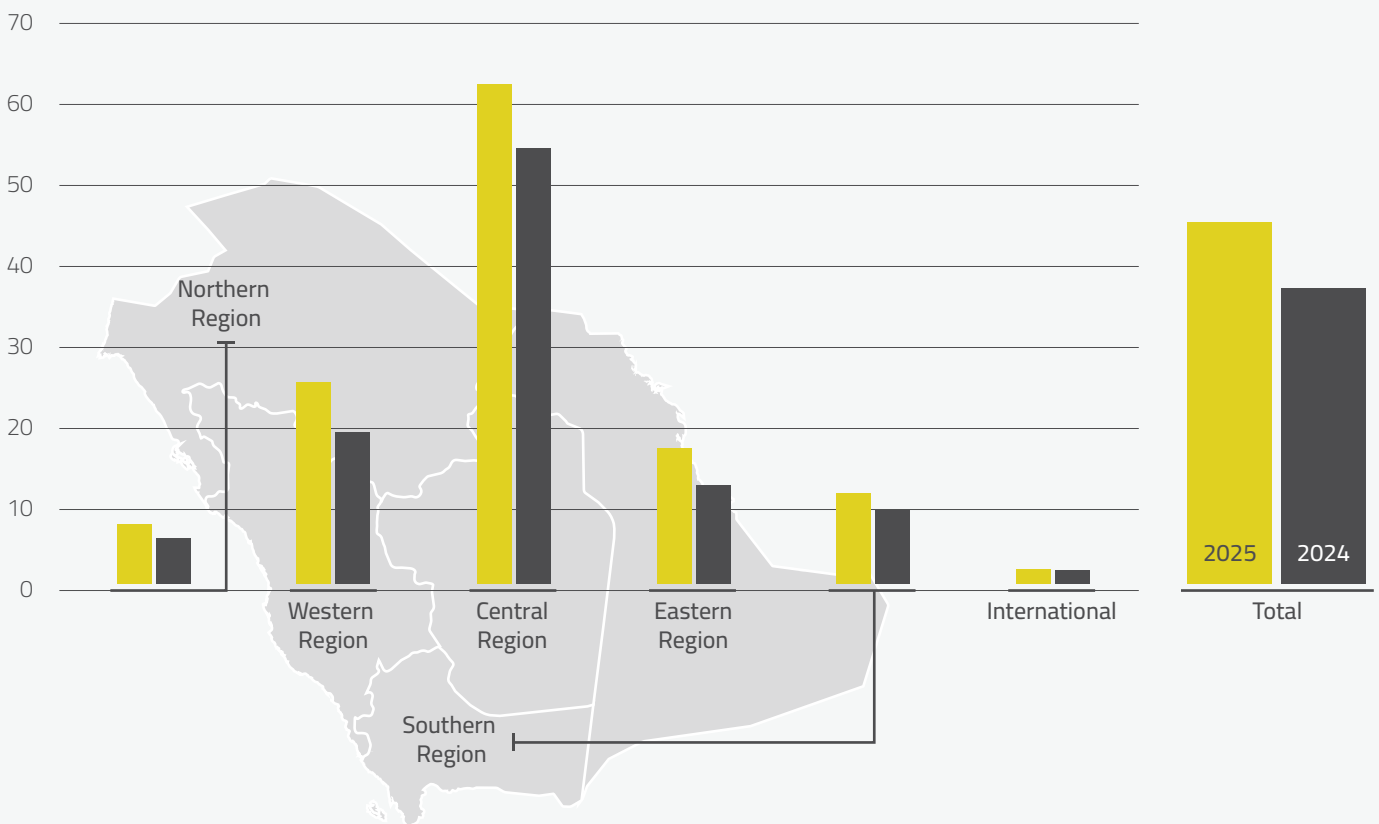
This distribution demonstrates the Company's strong positioning in the local market, which serves as a stable and highly reliable revenue base, supported by extensive coverage across the Kingdom. Furthermore, the presence of sales in other GCC countries indicates the start of a regional expansion that can be built upon in the future, providing the Company with an opportunity to gradually enhance its external presence while maintaining its robust position in the domestic market. Additionally, ASK Pipes Company relies entirely on the local market, as revenue from the Kingdom of Saudi Arabia accounts for 100% of its total revenue during the year 2025, with no sales recorded in GCC countries or other markets.

The total concentration of revenue within the Kingdom reflects the Company's strong positioning in its primary market and the clarity of its operational strategy, as it benefits from deep expertise and well-established relationships within the local market. This concentration also provides a stable foundation from which to launch regional expansion in the future, offering additional growth opportunities without compromising the solidity of current operational performance.

Geographical Analysis of Total Revenue for ASG Plastic Factory Co.							
Year	Southern Region	Eastern Region	Northern Region	Western Region	Central Region	International	Total
2025	11,238,859	16,909,347	7,461,053	25,151,449	62,378,709	1,790,363	<b>124,929,780</b>
2024	9,171,052	12,354,898	5,706,836	18,915,233	54,303,325	1,666,957	<b>102,118,301</b>

\* All amounts are stated in Saudi Riyals (SAR).

'000 Saudi Riyals

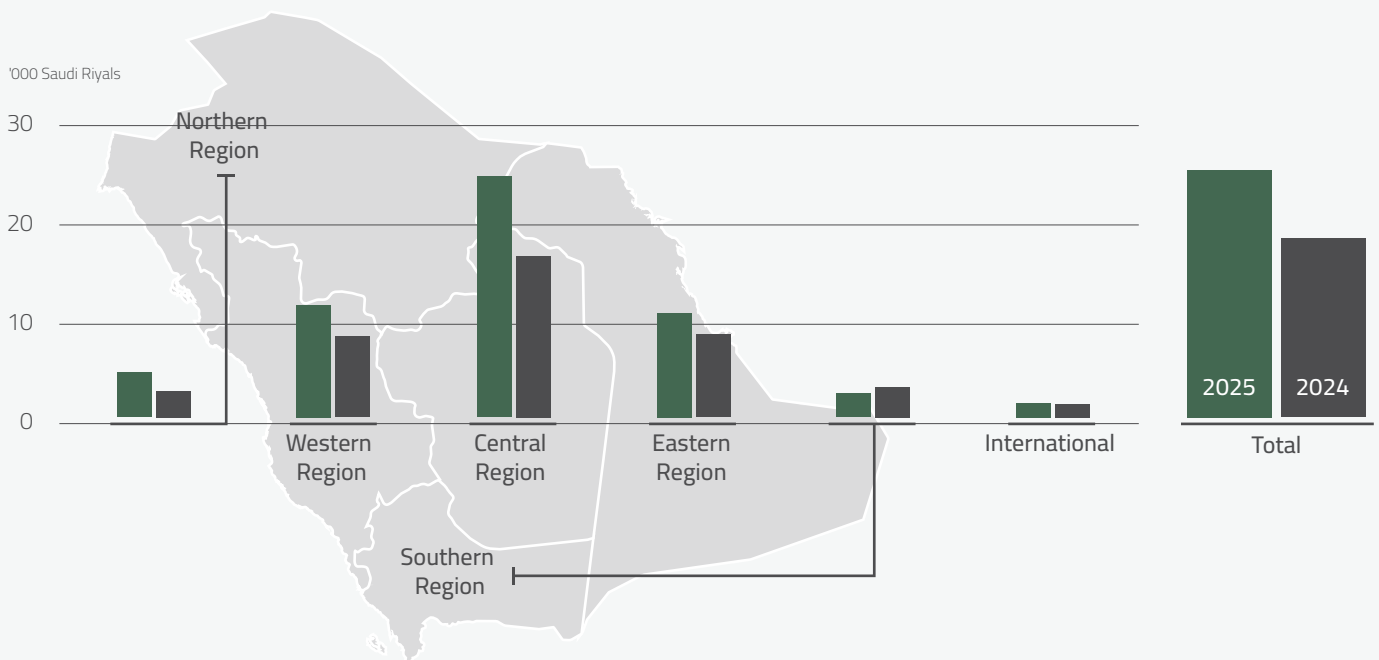


The Company relies primarily on the Central Region, which accounts for approximately 49.93% of total revenue (SAR 62.38 million), reflecting its strong positioning in the Kingdom's primary market. Furthermore, the Western Region represents 20.13% of revenue, followed by the Eastern Region at 13.54%, the Southern Region at 9.00%, and the Northern Region at 5.97%. International activity constitutes approximately 1.43% of total revenue.

This distribution demonstrates healthy geographical diversification, which mitigates the risks associated with regional concentration. Moreover, the existence of an export base presents a future growth opportunity that can be further enhanced as part of the Company's expansion plans.

Geographical Analysis of Total Revenue for ASK Pipes Company (The Subsidiary)							
Year	Southern Region	Eastern Region	Northern Region	Western Region	Central Region	International	Total
2025	2,443,103	10,867,929	4,642,875	11,718,216	25,184,364	-	54,856,487
2024	3,094,128	8,586,528	2,698,126	8,378,441	16,843,659	-	39,600,882

> \* All amounts are stated in Saudi Riyals (SAR).



The Company’s revenue is concentrated in the Central Region, which accounts for 45.91% of total revenue (SAR 25.18 million), reflecting robust demand in the central market. Furthermore, the Western Region represents 21.36%, the Eastern Region 19.81%, the Northern Region 8.46%, and the Southern Region 4.45% of total revenue, while no international activity was recorded during the year.

This distribution indicates a balanced market penetration within the Kingdom. Moreover, the absence of international activity represents a strategic opportunity for external growth in the future.

## Analysis of Group Revenue by Sales Channel

ASG Plastic Factory Co. continues to rely primarily on its branch network, which accounts for approximately 97.84% of total revenue. This reflects the strength of its physical presence and the efficiency of its distribution system. Conversely, the online store contributed 2.16% of revenue during the year 2025, serving as a positive indicator of the diversification of sales channels and the enhancement of digital presence. This supports access to a broader customer segment and opens additional growth trajectories for the future.

### Analysis of Total Revenue for ASG Plastic Factory Co. by Branch during 2025

Year	Sales via Company Branches	Sales via Online Store	Total
2025	122,225,297	2,704,483	124,929,781
2024	99,480,736	2,637,565	102,118,301

> \* All amounts are stated in Saudi Riyals (SAR).

The subsidiary, ASK Pipes Company, relies almost entirely on branch sales, which represent approximately 100% of total revenue, reflecting robust direct demand and the stability of traditional operational activities. Notably, the first revenues from the online store were recorded during 2025, coinciding with the launch of the digital platform late in the year. This represents a significant strategic step towards digital transformation and the diversification of sales channels. Although the online store's contribution remains in its initial stages, it establishes a future growth channel capable of expansion in the coming years.

### Analysis of Total Revenue for ASK Pipes Company by Branch (The Subsidiary)

Year	Sales via Company Branches	Sales via Online Store	Total
2025	54,854,131	2,355	54,856,486
2024	39,600,882	-	39,600,882

> \* All amounts are stated in Saudi Riyals (SAR).

## Clarification of Any Material Differences in Operational Results Compared to the Previous Year's Results or Any Forecasts Announced by the Group

Statement	2025	2024	Changes (+) or (-)	Percentage Change
Sales / Revenue	179,786,267	141,719,183	38,067,084	26.86%
Cost of Sales / Revenue	106,240,670	82,134,789	24,105,881	29.35%
Gross Profit	73,545,597	59,584,394	13,961,203	23.43%
Other Operating Income	0	0	0	0.00%
Other Operating Expenses	0	0	0	0.00%
Operating Profit (Loss)	33,896,815	33,699,099	197,716	0.59%

> \* All amounts are stated in Saudi Riyals (SAR).



## Statement of the value of statutory payments paid and due for the settlement of any Zakat, taxes, fees, or any other dues that have not been paid until the end of the annual financial period, together with a brief description thereof and the reasons for their non-payment

Statement	2025		Brief Description and Statement of Reasons
	Paid	Due until 31 December 2025 and unpaid	
Zakat	1,884,832	1,919,053	The Zakat amount paid for the financial period 2024, and the amount due for the financial year 2025.
Tax	11,989,881	432,870	Tax paid for the month of December 2024, tax paid for the year 2025, and tax due for the month of December 2025 in accordance with tax regulations.
General Organisation for Social Insurance (GOSI)	2,052,316	195,765	Represents contribution fees paid and due for employees subject to the Social Insurance Law for the year 2025.
Visa and Passport Costs	1,415,637	-	Government fees related to the renewal and issuance of visas and residency permits (Iqamas) for employees for the year 2025.

> \* All amounts are stated in Saudi Riyals (SAR).

## The Group's Zakat Status

### Zakat and Tax Management

The Zakat and Tax Department at ASG Plastic Factory Co. and its subsidiary, ASK Pipes Company, remains committed to the regulations and instructions issued by the Zakat, Tax and Customs Authority. This is achieved by filing Zakat returns independently for each company based on their respective financial statements and calculating the Zakat base in accordance with the applicable regulations.

Furthermore, the department is dedicated to filing all statutory returns on time, including withholding tax returns for payments made to entities outside the Kingdom. Such payments amounted to SAR 29,858 during the year 2025 and were settled within the statutory period.

### Zakat Status

The Company reports that both entities have submitted all Zakat returns for previous years up to 31 December 2024, and Zakat certificates have been obtained for those years.

During 2025, ASG Plastic Factory Co. received a Zakat assessment for the year 2024 amounting to SAR 2,793; these amounts were settled and paid to the Zakat, Tax and Customs Authority during the year.

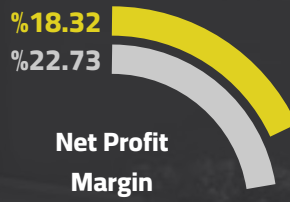
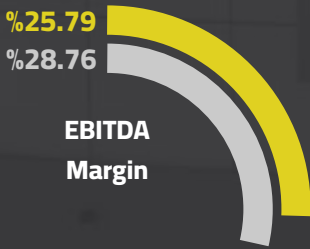
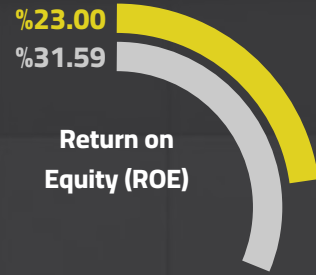
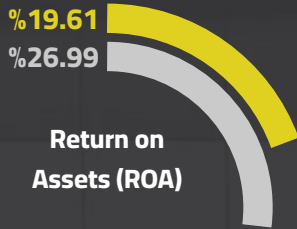
Below is a statement of the movement in the Zakat provision for the consolidated financial statements for the financial year ended 2025:

Statement	31 December 2025	31 December 2024
Balance as at the beginning of the year	1,881,976	318,600
Provided during the year	1,919,053	1,974,681
Zakat differences	2,793	98,526
Paid during the year	(1,884,832)	(509,831)
Balance as at the end of the year	1,918,990	1,881,976

> \* All amounts are stated in Saudi Riyals (SAR).

2025

2024



2025

2024

**Total Liabilities to Equity Ratio**

**x0.17**    x0.17

**Total Assets to Equity Ratio**

**x1.17**    x1.17

**Quick Ratio**

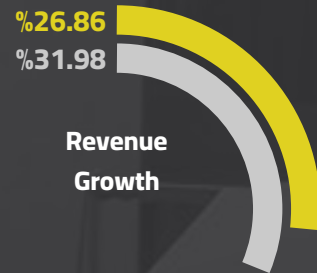
**x2.72**    x3.74

**Current Ratio**

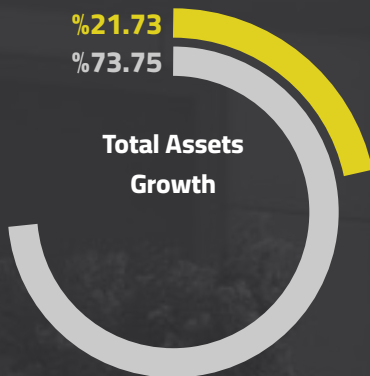
**x5.56**    x6.38



**EBITDA Growth**



**Revenue Growth**



**Total Assets Growth**



**Net Profit Growth**

# Financial Statements



RSM Allied Accountants Professional Services Co.
Riyadh - Dhaya District - Al Oruba Street
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Kingdom of Saudi Arabia
www.rsmksa.com
C.R. : 4030226773

INDEPENDENT AUDITOR’S REPORT

To: The Shareholders
ASG PLASTIC FACTORY COMPANY
(A Saudi Joint Stock Company)

Opinion

We have audited the accompanying consolidated financial statements of ASG PLASTIC FACTORY Company, A Saudi Joint-stock Company (“the Company”) and its subsidiary (together “the Group”) which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statements 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 accompanying to the consolidated financial statements including material accounting policy information.

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

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are 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 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 year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

**To the Shareholders of  
ASG PLASTIC FACTORY COMPANY**  
(A Saudi Joint Stock Company)

Key Audit Matters	How our audit addressed the key audit matters
<p><b>Revenue Recognition</b></p> <p>During the year ended 31 December 2025, the Group recognized revenue of SAR 179,786,267 (2024: SAR 141,719,183) as disclosed in note (18).</p> <p>The Group's revenue is primarily generated from the sale of packaging products and plastic pipes. Revenue is recognized when performance obligations are satisfied through the transfer control over the goods, which occurs at a point in time upon delivery and acceptance of the goods by the customer, in accordance with the requirements of IFRS 15 – Revenue from Contracts with Customers.</p> <p>Revenue is considered one of the core indicators for measuring the Group's performance. Furthermore, the revenue recognition process involves professional judgments, particularly regarding the determination of the timing of transfer of control and recognizing revenue in the correct accounting period. Due to the materiality of the revenue amount included in the consolidated financial statements, and the inherent risks associated with the possibility of recognizing revenue before the satisfaction of performance obligations, we considered revenue recognition process as a key audit matter.</p> <p>Please refer to the material accounting policy information in Note (4) for the revenue policy and Note (18) for more details related to revenue.</p>	<p>Our audit procedures included, among others based on our professional judgment, the following:</p> <ul style="list-style-type: none"> <li>• Assessing the appropriateness of the Group's accounting policies adopted for revenue recognition and their compliance with the requirements of IFRS 15.</li> <li>• Evaluating the design and implementation of the Group's internal controls related to revenue recognition.</li> <li>• Performing analytical procedures on revenue, including trend analysis and comparing the revenues with prior periods, and verifying the reasonableness of significant fluctuations.</li> <li>• We performed cut-off procedures to verify the timing of revenue recognition from sales after delivery of goods to customers and ensured that revenue is recorded in the correct accounting period.</li> <li>• Testing samples of recorded revenue transactions and comparing them with supporting documents to verify the occurrence and accuracy of recognized revenue, as well as verifying the proper application of the revenue recognition policy.</li> <li>• Tested samples of sales return to ensure they are correctly recorded in accordance with the accounting policies.</li> <li>• We examined the relationship between the quantities of sales during the year and quantities of inventory dispatched for sale, in addition to other analytical procedures, to verify the completeness of revenue from sales.</li> <li>• Assessed the adequacy and appropriateness of the related disclosures in the consolidated financial statements, in accordance with the IFRS requirements</li> </ul>

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Shareholders of  
(A Saudi Joint Stock Company)

Key Audit Matters	How our audit addressed the key audit matters
<p><b>Carrying Value of Inventory</b></p> <p>As of 31 December 2025, the Group's net inventory balance amounted to SAR 57,459,231 (31 December 2024: SAR 34,345,689), after deducting a provision for slow-moving inventory of SAR 659,417 (2024: SAR 423,759), as disclosed in note (9).</p> <p>The Group maintains significant levels of inventory. Management makes significant administrative judgment in accordance with the Group's policy regarding the classification of inventory as slow-moving, which must be considered when determining the provision. Estimates are then used to determine the amount of the slow-moving inventory provision. Inventory is measured at the lower of cost or net realizable value, and valued using the weighted average cost method.</p> <p>Due to the significance of the judgments and estimates used by management, as well as the level of inventory write-down required based on net realizable value assessment methods, this is considered a key audit matter. Please refer to the material accounting policies information in Note (4) for the revenue policy and Note (9) for more details related to inventory.</p>	<p>Our audit procedures included, among others matters, based on our professional judgment, the following:</p> <ul style="list-style-type: none"> <li>• We attended the physical inventory count conducted by the Group to observe the implementation of management's inventory count procedures.</li> <li>• Evaluating the key controls established by management for calculating the slow-moving inventory provision.</li> <li>• Assessing the methodology and basis for calculating slow-moving inventory provision.</li> <li>• Assessing the adequacy of the slow-moving inventory provision and the movement on the provision during the year by recalculating the obsolescence rates and reviewing the movement of slow-moving items.</li> <li>• Testing the accuracy of measuring inventory at the lower of cost or net realizable value at year-end, on a sample basis, by considering actual sales after year-end and the assumptions used by management to verify the accuracy of the valuation.</li> <li>• Testing the accuracy of inventory pricing using the weighted average cost method, by performing recalculation procedures and obtaining samples of purchases and inventory movement during the year to ensure accuracy of the calculation.</li> <li>• Assessing the appropriateness of assumptions used, based on our knowledge and information about the Group and the nature of the inventory, and ensure no change in the Group's policy for the years presented.</li> <li>• Assessed the adequacy and appropriateness of related disclosures in the consolidated financial statements.</li> </ul>

### Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's 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 is to read the other information identified above when it becomes available 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. When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

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

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

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

### 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 judgment and maintain professional skepticism throughout the audit process. We also:

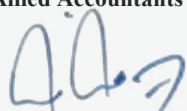
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of 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.
- Obtain an understanding of internal control relevant to the audit 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 disclosure is 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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 Inform those charged with governance 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, the 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 year, and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### RSM Allied Accountants Professional Services



Mohammad Abdulmajeed Mohandes  
License No. 564  
Riyadh, Saudi Arabia  
2 Ramadan 1447 H (corresponding to 19 February 2026)



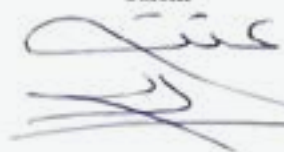
**ASG PLASTIC FACTORY COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2025**

	Note	31 December 2025 SAR	31 December 2024 SAR
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment, net	5	82,491,243	45,625,619
Intangible assets, net	6	61,618	131,417
Right-of use assets, net	7-A	7,808,984	6,151,202
Advance payments for the acquisition of assets	8	1,828,802	11,821,010
<b>Total non-current assets</b>		<b>92,190,647</b>	<b>63,729,248</b>
<b>Current assets</b>			
Inventory, net	9	57,459,231	34,345,689
Due from related parties	10-B	975,645	880,517
Trade receivable, net	11	25,141,894	19,910,870
prepaid expenses and other assets, net	12	5,905,677	5,661,375
Cash at banks		2,754,258	26,973,377
<b>Total current assets</b>		<b>92,236,705</b>	<b>87,771,828</b>
<b>Total assets</b>		<b>184,427,352</b>	<b>151,501,076</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Share capital	1	70,500,000	70,500,000
Share premium	13	23,897,450	23,897,450
Retained earnings		60,967,162	36,648,745
<b>Total Equity</b>		<b>155,364,612</b>	<b>131,046,195</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Lease liabilities - non-current portion	7-B	6,966,023	5,568,191
Employees' benefit obligations	15	2,711,926	1,886,000
<b>Total non-current liabilities</b>		<b>9,677,949</b>	<b>7,454,191</b>
<b>Current liabilities</b>			
Lease liabilities - current portion	7-B	582,169	425,878
Trade payable		12,375,236	6,987,051
Accrued expenses and other liabilities	16	4,508,396	3,705,785
Zakat provision	17-A	1,918,990	1,881,976
<b>Total current liabilities</b>		<b>19,384,791</b>	<b>13,000,690</b>
<b>Total liabilities</b>		<b>29,062,740</b>	<b>20,454,881</b>
<b>Total equity and liabilities</b>		<b>184,427,352</b>	<b>151,501,076</b>

The accompanying notes (1) to (35) form an integral part of these consolidated financial statements.

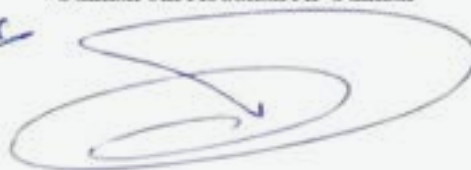
Chief Financial Officer  
Antar Al-Sayed Naeem  
Salem



Chief Executive Officer  
Al-Anoud bint Nasser Al-  
Nasrallah



Chairman of the Board of  
Directors  
Othman bin Abdullah Al-Othman



**ASG PLASTIC FACTORY COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**

	Note	2025 SAR	2024 SAR
<b>Profit or loss</b>			
Sales	18	179,786,267	141,719,183
Cost of sales	19	(106,240,670)	(82,134,789)
<b>Gross profit</b>		<b>73,545,597</b>	<b>59,584,394</b>
Selling and marketing expenses	20	(24,385,185)	(15,823,535)
General and administrative expenses	21	(14,564,550)	(10,299,625)
Charged/ Reversal Of expected credit losses allowance	11	(699,047)	237,865
<b>Net Profit from main operations</b>		<b>33,896,815</b>	<b>33,699,099</b>
Other income, net	22	1,514,790	800,417
Finance costs	23	(556,226)	(315,884)
<b>Net profit for the year before zakat</b>		<b>34,855,379</b>	<b>34,183,632</b>
Zakat	17-A	(1,919,053)	(1,974,681)
<b>Net profit for the year</b>		<b>32,936,326</b>	<b>32,208,951</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified subsequently to the profit or loss</b>			
Re-measurement of employee benefit obligations	15	(157,909)	(46,288)
<b>Other comprehensive loss for the year</b>		<b>(157,909)</b>	<b>(46,288)</b>
<b>Total comprehensive income for the year</b>		<b>32,778,417</b>	<b>32,162,663</b>
<b>Basic and diluted earnings per share for the year</b>	24	<b>4.67</b>	<b>4.88</b>

The accompanying notes (1) to (35) form an integral part of these consolidated financial statements.

<p>Chief Financial Officer Antar Al-Sayed Naeem Salem</p> 	<p>Chief Executive Officer Al-Anoud bint Nasser Al- Nasrallah</p> 	<p>Chairman of the Board of Directors Othman bin Abdallah Al-Othman</p> 
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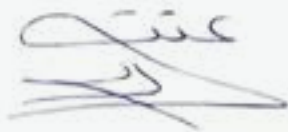
**ASG PLASTIC FACTORY COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**

	Share capital SAR	Share Premium SAR	Statutory reserve SAR	Retained earnings SAR	Total equity SAR
Balance as at 1 January 2024	63,000,000	-	175,000	9,688,582	72,863,582
Net profit for the year	-	-	-	32,208,951	32,208,951
Other comprehensive loss for the year	-	-	-	(46,288)	(46,288)
Total comprehensive income for the year	-	-	-	32,162,663	32,162,663
Transferred from statutory reserve to retained earnings (Note 14)	-	-	(175,000)	175,000	-
Issuance of New Shares (note 13,1)	7,500,000	23,897,450	-	-	31,397,450
Dividend (note 28)	-	-	-	(5,377,500)	(5,377,500)
Balance as at 31 December 2024	70,500,000	23,897,450	-	36,648,745	131,046,195
Net profit for the year	-	-	-	<b>32,936,326</b>	<b>32,936,326</b>
Other comprehensive loss for the year	-	-	-	<b>(157,909)</b>	<b>(157,909)</b>
Total comprehensive income for the year	-	-	-	<b>32,778,417</b>	<b>32,778,417</b>
Dividend (note 28)	-	-	-	<b>(8,460,000)</b>	<b>(8,460,000)</b>
<b>Balance as at 31 December 2025</b>	<b>70,500,000</b>	<b>23,897,450</b>	-	<b>60,967,162</b>	<b>155,364,612</b>

The accompanying notes (1) to (35) form an integral part of these consolidated financial statements.

Chief Financial Officer  
Antar Al-Sayed Naeem Salem



Chief Executive Officer  
Al-Anoud bint Nasser Al-Nasrallah



Chairman of the Board of Directors  
Othman bin Abdullah Al-Othman



**ASG PLASTIC FACTORY COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**

	Notes	2025 SAR	2024 SAR
<b>Cash flows from operating activities</b>			
Net profit for the year before zakat		34,855,379	34,183,632
<b>Adjustments to reconcile net profit for the year before zakat:</b>			
Depreciation of property, plant and equipment	5	10,159,833	5,694,162
Depreciation of right-of-use assets	7-A	719,154	488,160
Amortization of intangible assets	6	69,799	69,800
Zakat differences	17-A	2,793	98,526
Gain on disposal of property, plant and equipment	22	(218,030)	(55,752)
(Loss) / gain on derecognition of lease contracts	22	17,270	(11,901)
Provision for slow-moving inventory	9	235,658	-
Charge / (reversal) of expected credit loss provision	11	699,047	(237,865)
Charged for employee benefits obligations	15	711,721	342,000
Finance costs	23	556,226	315,884
		<b>47,808,850</b>	<b>40,886,646</b>
<b>Changes in operating assets and liabilities:</b>			
Inventory	9	(23,349,200)	(12,463,408)
Trade receivable	11	(5,930,071)	(5,874,864)
Prepaid expenses and other assets	12	(244,302)	(2,316,019)
Due from related parties	10-B	(95,128)	(880,517)
Trade payable		5,388,185	3,417,833
Accrued expenses and other liabilities	16	802,611	(291,195)
<b>Cash generated form operations</b>		<b>24,380,945</b>	<b>22,478,476</b>
Zakat paid	17	(1,884,832)	(509,831)
Employees benefits obligations paid	15	(179,300)	(144,288)
<b>Net cash generated from operating activities</b>		<b>22,316,813</b>	<b>21,824,357</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	5	(35,782,559)	(17,255,721)
Advance payments for acquisition of assets	8	(1,512,475)	(11,821,010)
Proceeds from sale of property, plant and equipment		479,815	300,351
<b>Net cash used in investing activities</b>		<b>(36,815,219)</b>	<b>(28,776,380)</b>
<b>Cash flows from financing activities</b>			
Proceeds from Issuance of New Shares	13-1	-	31,397,450
Cash dividends	28	(8,460,000)	(5,377,500)
Lease liabilities paid	7-B	(1,260,713)	(853,979)
<b>Net Cash (Used in)/Generated from Financing Activities</b>		<b>(9,720,713)</b>	<b>25,165,971</b>
<b>Net change in cash at banks</b>		<b>(24,219,119)</b>	<b>18,213,948</b>
Cash at banks at the beginning of the year		26,973,377	8,759,429
<b>Cash at banks at the end of the year</b>		<b>2,754,258</b>	<b>26,973,377</b>
<b>Non-cash transactions</b>	30		

The accompanying notes (1) to (35) form an integral part of these consolidated financial statements.

Chief Financial Officer  
Antar Al-Sayed Naeem  
Saleem

Chief Executive Officer  
Al-Anoud bint Nasser Al-  
Nasrallah

Chairman of the Board of  
Directors  
Othman bin Abdullah Al-Othman

**ASG PLASTIC FACTORY COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

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

**1-ORGANIZATION AND ACTIVITIES**

Asg Plastic Factory Company (the Company) is a Saudi joint-stock Company listed on the stock exchange, registered in Sudair Industrial and Business City, Kingdom of Saudi Arabia. It is registered under the Unified National Number 7001660146 and Commercial Registration Number 1126002230, issued on 10 Rajab 1436H (corresponding to 29 April 2015).

The activities of the Company and its subsidiary (collectively referred to as “the Group”) include the manufacturing of plastic boxes and containers, bottles of various shapes from plastics, household and kitchenware items, single-use decorative and kitchen tools, plastic pipes, hoses, fittings, and accessories, as well as land transportation of goods.

The Company’s registered address is in Sudair Industrial and Business City, Kingdom of Saudi Arabia.

-On 3 Ramadan 1445H (corresponding to 13 March 2024), the Saudi Capital Market Authority announced the Board’s approval for the offering and listing of the Company’s shares on the Parallel Market (Nomu).

-On 1 Muharram 1446H (corresponding to 7 July 2024), Asq Plastic Factory Company announced its prospectus for the issuance of 750,000 new shares on the Parallel Market (Nomu). The shares offered represent 10.64% of the Company’s capital after the offering, totaling SAR 70,500,000 (representing 11.9% of the Company’s capital before the offering). The subscription period for the Company’s shares started on Sunday, 28 July 2024, continued for 7 working days, and ended on Monday, 8 August 2024. The Company was listed on 18 August 2024, with a subscription coverage ratio of 321.1% under trading symbol 9607.

-The Company’s capital as of 31 December 2025 amounted to SAR 70,500,000 (31 December 2024: SAR 70,500,000).

The consolidated financial statements as of 31 December 2025 include the financial statements of the Company and its subsidiary:

**Subsidiary Company Information:**

<b><u>Subsidiary company name</u></b>	<b><u>Unified National Number</u></b>	<b><u>Direct Ownership % 31 Decemer2025</u></b>	<b><u>Direct Ownership % 31 Decemer2024</u></b>	<b><u>Capital SAR</u></b>	<b><u>Number of Shares</u></b>
Ask Pipes Company	7005455683	100%	100%	250,000	250

**2- BASIS OF PREPARATION THE CONSOLIDATED FINANCIAL STATEMENTS**

**2-1 STATEMENT OF COMPLIANCE**

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

**2-2 BASIS OF MEASUREMENT**

The accompanying consolidated financial statements have been prepared on the historical cost basis, except where International Financial Reporting Standards require the use of another measurement basis, as described in the material.

accounting policies applied (note 4), and in accordance with the accrual basis of accounting and the going concern assumption.

**2-3 FUNCTIONAL AND PRESENTATION CURRENCY**

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

**ASG PLASTIC FACTORY COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**

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**2- BASIS OF PREPARATION THE CONSOLIDATED FINANCIAL STATEMENTS (CONINUED)**

**2-4 BASIS OF CONSOLIDATION**

These consolidated financial statements include the consolidated statement of financial position, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows, as well as the accompanying notes to the consolidated financial statements of the Group. They include the assets, liabilities, and results of operations of the Group and its subsidiary, as detailed in Note (1).

A subsidiary is a company controlled by the Group. The Group controls a subsidiary when it has the right to variable returns from its involvement with the subsidiary and the ability to affect those returns through its power over the subsidiary. A subsidiary is consolidated from the date the Group obtains control and continues to be consolidated until the Group ceases to exercise control.

The Group applies the acquisition method of accounting for business combinations at the date control is transferred to the Group. Acquisition cost is measured at the fair value of the assets acquired. Any excess of the acquisition cost, together with the fair value of non-controlling interests, over the net assets acquired is recognized as goodwill in the consolidated statement of financial position. Non-controlling interests are measured at their proportionate share of the net assets of the Group-controlled entity at the acquisition date.

The noncontrolling interest is presented in the consolidated statement of profit or loss and other comprehensive income as part of the Group's equity. All inter company transactions, balances, and unrealized gains and losses arising from inter company transactions are eliminated. The accounting policies of the subsidiary are adjusted, as necessary, to ensure consistency with the Group's policies. The Group and its subsidiary prepare their financial statements for the same reporting periods.

**2-5 Changes in Ownership Interests in Subsidiaries**

Changes in the Group's ownership interests in any subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e., transactions with owners in their capacity as owners). In such cases, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their ownership interests in the subsidiary.

Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the shareholders of the Company.

When the Group loses control of a subsidiary, the gain or loss is recognized in the consolidated statement of profit or loss and is calculated as the difference between:

- 1-The total fair value of the consideration received and the fair value of any retained interests; and
- 2-The carrying amounts of the subsidiary's assets (including goodwill) and liabilities, and any non-controlling interests.

All amounts previously recognized in other comprehensive income relating to that subsidiary are accounted for as if the Group had directly disposed of the subsidiary's assets and liabilities. The retained investment is recorded at its fair value.

**2-6 Loss of Control**

The Company reassesses whether it has control over an investee if facts and circumstances indicate a change in one or more of the elements of control. A subsidiary is consolidated from the date the Company obtains control and ceases to be consolidated from the date the Company loses control of the subsidiary.

The assets, liabilities, revenues, and expenses of the acquired subsidiary are included in the consolidated financial statements from the date control is transferred to the Company until such control is lost.

Profit or loss and each item of other comprehensive income are attributed to the shareholders of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. In other words, losses are allocated to non-controlling interests even if this leads to a negative balance in their equity.

When preparing the consolidated financial statements, adjustments are made to the financial statements of controlled subsidiaries, if necessary, to align them with the Company's accounting policies. All intercompany assets, liabilities, equity, income, expenses, and cash flows are eliminated. Changes in the ownership interest in a subsidiary that do not result in loss of control are accounted for as equity transactions.

**ASG PLASTIC FACTORY COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**

**2- BASIS OF PREPARATION THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**2-6 Loss of Control (Continued)**

If the Group loses control over an investee, it:

- Derecognize the assets and liabilities of the investee.
- Derecognize the carrying amount of any non-controlling interests.
- Derecognize any cumulative translation differences previously recognized in equity.
- Recognizes the fair value of the consideration received.
- Recognizes the fair value of any retained investment.
- Recognizes any resulting gain or loss in the consolidated statement of profit or loss.
- Reclassifies its share of amounts previously recognized in other comprehensive income to the consolidated statement of profit or loss or transfers them to retained earnings, if required by other IFRSs.

**3- New standards, amendments to standards and interpretations**

The Group has applied the following standards and amendments, where applicable, for the first time for their annual reporting period commencing 1 January 2025.

**1- Amendments to IAS 21 – Lack of exchangeability**

An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. The adoption of above amendments does not have any material impact on the Consolidated Financial Statements during the year.

**2- Standards Issued but Not Yet Adopted**

Following are the new standards and amendments to standards which are effective for annual periods beginning on or after 1 January 2026 and earlier application is permitted for certain new standards and amendments; however, the Group has not early adopted them in preparing these Consolidated Financial Statements. The Group is currently evaluating the impact of the adoption of these standards on the Consolidated Financial Statements.

**Amendments to IFRS 9 and IAS 7 – Classification and Measurement of Financial Instruments:**

These amendments: - clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system; - clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion; - add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and - make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).

**IFRS 18 – Presentation and Disclosure in Financial Statements**

The new standard on presentation and disclosure in financial statements focuses on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 include the following:

- 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
- Enhanced principles for aggregation and classification applicable to the primary financial statements and disclosures in general.

**IFRS 19 – Subsidiaries that are not publicly accountable.**

**ASG PLASTIC FACTORY COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**

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**4- SUMMARY OF Material ACCOUNTING POLICIES**

**Use of Judgments and Estimates**

The preparation of consolidated financial statements in accordance with International Financial Reporting Standards as adopted in the Kingdom of Saudi Arabia requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. These estimates and related assumptions are based on historical experience and various other factors that are considered reasonable under the current circumstances, forming the basis for judgments regarding the carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

- The following provides information on the assumptions and estimates that have a material impact on the amounts reported in the consolidated financial statements:

- **Estimated useful lives of property, plant and equipment**

Management estimates the useful lives of property, plant and equipment for the purpose of calculating depreciation. These estimates are determined by considering the expected use of the assets, wear and tear, and obsolescence. Management reviews the residual values and useful lives annually and adjusts depreciation expenses in the current and future periods, if applicable.

- **Impairment of non-financial assets**

Impairment exists when the carrying value of an asset or Cash Generating Unit ("CGU") exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation are based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. Value in use is calculated based on the present value of the expected future cash flows of the asset over the next five years. These expected cash flows do not include future restructuring activities to which the Group is not yet committed, or significant future investments that will enhance the performance of the asset of the cash-generating unit being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future net cash-inflows and the growth rate used for extrapolation purposes.

- **Impairment of non-derivative financial assets**

The Group recognizes allowances for expected credit losses ("ECL") for financial assets measured at amortized cost such as trade receivable. The Group assesses future credit losses using the ECL model for financial assets measured at amortized cost. For accounts receivable, the Group applies the simplified approach, which measures the loss allowance at an amount equal to lifetime expected credit losses for all accounts receivable since the initial recognition. To calculate the ECL, accounts receivable are calculated based on shared risk characteristics and aging. The expected loss rates were calculated based on historical information of the Group and adjusted to reflect the expected future results which include future information on macroeconomic factors such as inflation and GDP growth rate. Other financial assets such as employees' receivables and bank balances have low credit risk and applying the ECL model is considered insignificant.

- **Determination of Lease Term**

The Group determines the lease term as the non-cancellable period of the lease contract, together with any periods covered by an option to extend the lease if it is reasonably certain that such option will be exercised, or any periods covered by an option to terminate the lease if it is reasonably certain that such option will not be exercised. This means that the Group takes into consideration all relevant factors that create an economic incentive to exercise either the renewal or termination options. At the commencement date of the lease, the Group assesses whether it is reasonably certain to exercise extension options. After the commencement date, the Group reassesses whether it is still reasonably certain to exercise such options if significant changes occur in circumstances under the Group's control. Lease payments are discounted using the Group's incremental borrowing rate, and management has applied judgments and estimates in determining the appropriate incremental borrowing rate at the lease commencement date.

**ASG PLASTIC FACTORY COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**

**4- SUMMARY OF MATERIAL ACCOUNTING POLICIES(Continued)**

**- Incremental Borrowing Rate for Lease Contracts**

The Group generally unable to readily determine the implicit interest rate in its lease contracts; therefore, it uses the incremental borrowing rate to measure its lease liabilities. The incremental borrowing rate represents the rate of interest that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset, in a similar economic environment, over a similar term, and with similar security. Accordingly, the incremental borrowing rate reflects the amount the Group would be required to pay and involves judgment when observable rates are not available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs, such as prevailing market interest rates when available, and applies entity-specific judgments.

**- Provision for Slow-Moving Inventory**

Management makes provisions for slow-moving, obsolete, and damaged inventory items, if any. Inventory is measured at the lower of cost or net realizable value. Estimates of net realizable value are based on the most reliable evidence at the time the estimates are made. These estimates take into account price fluctuations or costs directly related to events that occur after the date of the consolidated financial statements.

**- Employee benefit obligations**

Post-employment defined benefits and the current value of those benefits are determined actuarial valuations. The actuarial valuation includes further assumptions regarding variables that are required such as discount rates, rate of salary increase and returns on assets, mortality rates, increase in future pensions. Due to the complexity of the valuation, the underlying assumptions, and its long-term nature, a defined benefit liability is highly sensitive to changes in these assumptions. All actuarial assumptions are reviewed at the date of every consolidated statement of financial position.

**- Derecognition**

The Group derecognizes a financial asset only when the contractual rights to receive the cash flows from the financial asset have expired or when substantially all risks and rewards of ownership of the financial asset have been transferred to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the transferred asset and the associated liabilities to the extent of the amounts expected to be paid. If the Group retains substantially all the risks and rewards of ownership of the transferred asset, the Group continues to recognize the financial asset in full.

**- 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. Fair value definition includes the assumption that the Company will continue its operations where there is no intention or condition to physically limit the volume of its operations or conduct a transaction with negative terms.

Fair values are categorized into different levels in the fair value hierarchy based on the inputs used in the valuation methods as follows:

Level 1: Quoted prices in active markets for identical financial instruments.

Level 2: Valuation techniques based on inputs that are observable, either directly or indirectly, in the market and influence fair value.

Level 3: Valuation techniques based on inputs that are not observable, either directly or indirectly, in the market and influence fair value.

**Classification of assets and liabilities as "current" or "non-current"**

The Company presents assets and liabilities in the consolidated statement of financial position on a current / non-current basis. The assets are considered current as follows:

- When it is expected to be realized or is intended to be sold or consumed during the normal cycle of operations.
- If it is acquired primarily for trading.
- When it is expected to be achieved within twelve months after the fiscal year, or
- When they are cash and cash equivalents, unless there are restrictions on their replacement or use to pay any liabilities for a period of not less than twelve months after the financial year.

All other assets are classified as "non-current".

The liabilities are considered current as follows:

- When it is expected to be paid during the normal business cycle
- If it is acquired primarily for the purpose of trading.
- When it matures within twelve months after the fiscal year, or
- When there is no unconditional right to defer the payment of liabilities for a period of not less than twelve months after the financial year. All other liabilities are classified as "non-current".

**ASG PLASTIC FACTORY COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**

**4- SUMMARY OF MATERIAL ACCOUNTING POLICIES(Continued)**

**Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment if any. Cost includes expenditure that is directly attributable to the acquisition of assets. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Expenditures on maintenance and repairs are expensed, while expenditures for improvements are capitalized. Depreciation is computed using the straight-line method based on the estimated useful lives of the assets. Sold or disposed assets and their accumulated depreciation are written off at the date of sale or disposal.

The annual estimated useful life for depreciation of the assets are as follows:

<u>Statement</u>	<u>Depreciation Rate</u>
Buildings Constructed on Leased Land	5% or the lease term, whichever is lower
Machine and equipments	15%-20%
Vehicles and Transportation	25%
Molds	20%
Furniture and Fixtures	20%

If there is an indication of a significant change in the depreciation rate, useful life or residual value of an asset, the impairment of that asset is adjusted prospectively to reflect the new expectations. Upon sale, the difference between the net sale proceeds and the carrying value of the item sold is recognized in the statement of profit or loss and included in other income or other operating expenses.

**Projects Under Construction**

Projects under construction are measured at actual cost and are presented as projects under construction until completion. Upon completion, they are transferred to the appropriate categories within property, plant and equipment, after which depreciation commences.

**Intangible Assets**

Purchased intangible assets are recorded at cost less accumulated amortization and any accumulated impairment losses. They are amortized over their estimated useful life of five years using the straight-line method.

If there is an indication of a significant change in the useful life or residual value of the intangible asset, the amortization is adjusted prospectively to reflect the revised expectations.

**Impairment of Assets**

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated to determine the impairment loss.

Where the recoverable amount of the asset cannot be estimated individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of the asset (or cash-generating unit) is less than its carrying amount, the carrying amount is reduced to the recoverable amount, and the impairment loss is recognized immediately in the consolidated statement of profit or loss.

If a previously recognized impairment loss is subsequently reversed, the carrying amount of the asset (or cash-generating unit) is increased to its revised recoverable amount, provided that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized in prior years. The reversal of an impairment loss is recognized immediately in the consolidated statement of profit or loss.

**Financial Instruments**

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that relate directly to the purchase or issue of financial assets and liabilities (other than financial assets and financial liabilities at fair value through the consolidated statement of profit or loss) are added to the fair value of financial assets and financial liabilities or deducted from them, as appropriate, upon initial recognition. Transaction costs that are directly related to the purchase of financial assets and liabilities and are measured at fair value through the consolidated statement of profit or loss are recognized directly in the consolidated statement of profit or loss.

**ASG PLASTIC FACTORY COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**

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**4- SUMMARY OF MATERIAL ACCOUNTING POLICIES(Continued)**

**Financial Instruments (Continued)**

**First: Financial Assets**

Financial assets are classified into the following categories: financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, and financial assets measured at amortized cost. The classification depends on the nature and purpose of the financial assets and is determined at initial recognition.

All purchases and sales of financial assets are recognized on a regular way basis, i.e., on the trade date. Regular way purchases or sales are purchases or sales of financial assets that require delivery of the assets within the time frame established by regulation or market convention.

**Second: financial liabilities**

Financial liabilities, including trade payables, are initially and subsequently measured at amortized cost using the effective interest method. The Group derecognizes a financial liability when the obligation is discharged, cancelled, or expires. The difference between the carrying amount of the derecognized financial liability and the consideration paid is recognized in the consolidated statement of profit or loss.

**Effective interest method**

The effective interest method is a technique for calculating the amortized cost of a debt instrument and allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash flows (including all fees, points paid or received that are an integral part of the effective interest rate, transaction costs, and other premiums or discounts) over the expected life of the debt instrument, or a shorter period where appropriate, to the net carrying amount of the financial liability at initial recognition.

**Trade receivable**

Trade receivable are stated at the original amount of invoice, less provision and allowance for expected credit losses. An allowance against expected credit losses is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Bad debts are written off as incurred against related provision and allowance. provision and allowance are charged to the consolidated statement of profit or loss. Any receivables recovered subsequently that were previously written off are recorded other income.

**Inventory**

Inventory is stated at the lower of cost and net realizable value. Cost includes all direct manufacturing costs based on the normal level of activity, in addition to transportation and handling costs. Cost is determined using the weighted average method. The cost of inventory is recognized as an expense and included in cost of revenues. A provision is also made for slow-moving and obsolete items based on management's estimates at the end of the year.

**Cash at banks**

Cash at banks consists of cash in banks, demand deposits, and other highly liquid short-term investments with maturities of three months or less.

**Advance payments for the acquisition of assets**

Advances paid for the acquisition of non-current assets are recognized as assets under "Non-Current Assets" in the consolidated statement of financial position when paid. These advances are measured at the present value of the amounts paid and are not depreciated as long as they have not been transferred to a completed asset. Upon completion of the purchase or receipt of the asset, the advances are reclassified to the cost of the respective final asset.

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**4- SUMMARY OF MATERIAL ACCOUNTING POLICIES(CONTINUED)**

**- Lease contracts**

**- The group as a lessee**

The Group recognizes an asset (right to use) and a lease liability at the start date of the lease. The right-of-use asset is initially measured at cost, which consists of the initial amount of the lease liability adjusted for any lease payments made at or before the inception date. Subsequently, the right-of-use asset is depreciated using the straight-line method from the inception date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of (right-of-use) assets are determined on the same basis as those of as those of property, plant and equipment, in addition, the (right-of-use) asset is periodically reduced by impairment losses, if any.

The lease liability is initially measured at the present value of the lease payments that have not been made at the commencement date of the lease and discounted using the interest rate implicit in the lease or, if that rate is difficult to determine reliably, the institution uses the incremental borrowing rate.

With regard to short-term leases and low-value leases, the Group has chosen not to recognize the right-of-use assets and lease liabilities for short-term leases with a term of (12) months or less and low-value leases. The Group recognizes lease payments associated with these contracts as expenses in the consolidated statement of profit or loss on a straight-line basis over the lease term.

**- Group as a lessor**

The entity recognizes lease payments received under lease contracts as revenue in the consolidated statement of activities on a straight-line basis over the term of the lease.

**Short-term leases and low-value leases**

Short-term leases are leases with a lease term of 12 months or less. Low-value assets represent items that do not meet the company's capitalization threshold and are considered immaterial to the company's overall consolidated statement of financial position. Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis in the statement of profit or loss.

**Trade and other payables**

Liabilities are recognized for amounts to be paid in the future for services received, whether or not invoices have been received from suppliers.

**Value-added tax**

Expenses and assets are recognized net of the amount of value-added tax, except:

When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

**Provisions**

Provisions are recognized when the Group has a present (legal or constructive) obligation arising from a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated.

When the Group expects to recover some or all of a provision, for example under an insurance contract, the reimbursement is recognized as a separate asset only when the recovery is virtually certain. The expense relating to a provision is presented in the consolidated statement of financial position net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the obligation. When a discount is used, the increase in the provision due to the passage of time is recognized as a finance cost.

**Employees' Benefits Obligations**

**End-of-service indemnities**

The end-of-service indemnity provision is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. Remeasurements, comprising actuarial gains and losses, are reflected immediately in the consolidated statement of financial position and the gains and losses are recognized in other consolidated comprehensive income in the period in which they occur, remeasurements recognized within retained earnings in other comprehensive income and are not recharged to the consolidated statement of profit or loss.

**Retirement benefits**

The Group contributes for a defined benefit plan to the General Organization for Social Insurance in respect of its Saudi employees. These payments are expensed when incurred.

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**4- SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**Employees' Benefits Obligations (CONTINUED)**

**Short-term employee benefits**

Liabilities recognized in respect of short-term employee benefits related to wages and salaries, annual leaves and sick leaves are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognized in respect of short-term employee benefits are measured at the un-discounted amount of the benefits expected to be paid in exchange for the related service

**Zakat Provision**

Zakat is an estimated obligation of the Company and is recognized in the consolidated financial statements in accordance with the Zakat Standard and the guidance issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA). It is estimated for the year on an accrual basis.

At year-end, Zakat is calculated based on either the adjusted net income or the Zakat base, whichever is higher, in accordance with the rules of the Zakat, Tax and Customs Authority of the Kingdom of Saudi Arabia.

Any differences between the estimated provision and the final assessment are adjusted in the year in which the final assessment is received.

**Contingent liabilities**

Contingent liabilities are not recognized in the consolidated financial statements, but are disclosed, and they are not disclosed unless the possibility of an outflow of resources involving economic benefits is remote. The contingent asset is not recognized in the consolidated financial statements. Rather, it is disclosed when an inflow of economic benefits is probable.

**Dividends**

Dividends payable to the Group's shareholders are recognized as a liability when they are approved. In accordance with the Companies Law in the Kingdom of Saudi Arabia, dividends are approved either directly by the shareholders or through a mandate to the Board of Directors to distribute interim dividends to the shareholders on a semi-annual or quarterly basis, pursuant to a resolution of the Ordinary General Assembly, which is renewed annually.

Dividends are determined in accordance with the Group consolidated financial position and cash flows, and the corresponding amount is directly deducted from shareholders' equity.

**Earnings per share**

Basic and diluted earnings per share (if any) are presented for the ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholder of the Group's by the weighted average number of ordinary shares outstanding during the year, adjusted for any ordinary shares repurchased or issued during the year. Diluted EPS is calculated by adjusting both the profit or loss attributable to the holders of the Group's ordinary shares and the weighted average number of shares outstanding during the year for the effects of all potentially dilutive ordinary shares.

**Share premium**

Share premium is recognized when shares are issued at a price above their nominal value. The amount received from the issuance is recorded within equity, separately showing the nominal value of the shares and the share premium. The share premium is presented under equity in the consolidated statement of financial position. Share premium is not recognized as income in the statement of profit or loss. It is utilized in accordance with the Group's internal policies and applicable laws, for example, to cover issuance costs or to strengthen the share capital.

**Withholding Tax**

The Group withholds taxes on transactions with non-resident parties in the Kingdom of Saudi Arabia and on dividends paid to non-resident shareholders, in accordance with the regulations of the Zakat, Tax and Customs Authority of the Kingdom of Saudi Arabia.

**Board of directors' remuneration**

In accordance with the International Financial Reporting Standards (IFRS) adopted in the Kingdom of Saudi Arabia, remuneration for members of the Board of Directors is recognized through the statement of profit or loss.

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**4- SUMMARY OF MATERIAL ACCOUNTING POLICIES(CONTINUED)**

**Related party transactions**

**Related party**

A related party is a person or entity associated with the Group that prepares its financial statements.

A) If the person or a member of his family is closely related to the company whose financial statements are prepared:

- Has joint control or control over the company preparing its financial statements;
- It has a material impact on the company preparing its financial statements. or
- He is a member of the top management of the company whose consolidated financial statements are prepared or the parent company of the company that prepares its consolidated financial statements.

B) If the facility is related to the company that prepares its financial statements if any of the following conditions are fulfilled:

- The establishment and the company that prepares its consolidated financial statements are members of the same Group (which means that both the parent company, subsidiaries, and associates have a relationship with the other).
- One of the two companies is an associate or a joint venture of the other company (or an associate or a joint venture of a member of the Group of which the other company is a member).
- Both companies are joint ventures of the same third party.
- One of the two companies is a joint venture of a third company, and the other company is an associate of the third company.
- The company is jointly controlled or controlled by a person specified in Paragraph (a).  
The person identified in paragraph (a) has a material influence on the company or is a member of the top management in the company (or the parent company).
- The company or any member of the Group provides part of the services of senior management employees of the company that prepares its consolidated financial statements or to the parent company of the company that prepares its financial statements.

**Revenue**

Revenue is recognized when the Group satisfies its obligations under contracts with customers, at an amount that reflects the consideration expected in exchange for goods or services. Specifically, the standard provides a five-step model for revenue recognition:

Step 1: Identify the contract with the customer.

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price to the performance obligations in the contract.

Step 5: Recognize revenue when or as the entity satisfies a performance obligation

Revenue is recognized when contractual obligations are performed, meaning control of the goods or services related to a specific performance obligation transfers to the customer, enabling them to use the goods or services for their intended purpose, without restrictions or when they benefit from the services provided under the contract.

The Group sells packaging products, disposable kitchen utensils, plastic pipes, and their fittings through its outlets located in various regions of the Kingdom of Saudi Arabia, as well as through its online store. Revenue from the sale of the Group's products is recognized when control of those products is transferred to the customer at a point in time. The Group's revenue is generated from commercial sales.

**Other income**

Other income are recognized when realized.

**Expenses**

All direct expenses related to generating operating revenues are included in the cost of revenues, while expenses related to sales and marketing activities are recorded under selling and marketing expenses. The remaining expenses are classified under general and administrative expenses. Shared expenses are allocated among cost of revenues, selling and marketing expenses, and general and administrative expenses, based on consistent allocation bases.

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**4- SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**Segment Information**

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses related to transactions with other components of the Company. The operating results of each segment are reviewed regularly by the Company's business segment heads, who make decisions about the allocation of resources to the segments and assess their performance based on detailed financial information.

The results reported to the business segment heads include items directly attributable to the segment, as well as items that can be reasonably allocated to the segment.

**Offset**

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when the Group has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realize the assets and settle the liability simultaneously.

**Foreign currency transactions**

Foreign currency transactions are translated into Saudi Riyals at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the consolidated statement of financial position date are translated at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the consolidated statement of profit or loss.

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**5-PROPERTY, PLANT AND EQUIPMENT, NET**

	Buildings on leased land SAR	Plant and Equipment SAR	Vehicles and Transportatio n SAR	Molds SAR	Furniture and Fixtures SAR	Projects under construction SAR	Total SAR
<b>Cost</b>							
Balance as of 1 January 2025	28,385,968	22,759,205	8,622,088	6,410,440	354,166	7,160,625	73,692,492
Additions during the year	-	23,403,628	1,961,195	11,989,442	-	9,932,977	47,287,242
Disposals during the year	-	(100,273)	(1,122,538)	-	-	-	(1,222,811)
Transferred from Projects under construction	15,643,832	-	-	-	-	(15,643,832)	-
<b>Balance as at 31 December 2025</b>	<b>44,029,800</b>	<b>46,062,560</b>	<b>9,460,745</b>	<b>18,399,882</b>	<b>354,166</b>	<b>1,449,770</b>	<b>119,756,923</b>
<b>Accumulated depreciation</b>							
Balance as of 1 January 2025	5,507,289	14,434,656	4,138,519	3,632,620	353,789	-	28,066,873
Charged during the year	1,614,815	5,012,503	1,577,842	1,954,296	377	-	10,159,833
Disposals during the year	-	(100,270)	(860,756)	-	-	-	(961,026)
<b>Balance as at 31 December 2025</b>	<b>7,122,104</b>	<b>19,346,889</b>	<b>4,855,605</b>	<b>5,586,916</b>	<b>354,166</b>	<b>-</b>	<b>37,265,680</b>
<b>Net carrying amount</b>							
<b>As of 31 December 2025</b>	<b>36,907,696</b>	<b>26,715,671</b>	<b>4,605,140</b>	<b>12,812,966</b>	<b>-</b>	<b>1,449,770</b>	<b>82,491,243</b>

- Buildings on leased land were leased from the Saudi Authority for Industrial Cities and Technology Zones ("MODON") and Hawtat Sudair Municipality under lease agreements with terms ranging from 2 to 20 years (note 7).
- During the year, the Group completed the second expansion of the factory building and transferred it to property, plant and equipment.
- Projects under construction relate to the third expansion of the factory building, which management expects to complete by March 2027, with a completion rate of 18% as of 31 December 2025 (Note 29).
- The cost of assets fully depreciated but still in use by the Group amounted to SAR 15,290,371 as of 31 December 2025 (31 December 2024: SAR 13,020,875). Depreciation expenses are allocated as follows:

	31 December 2025 SAR	31 December 2024 SAR
Cost of sales (Note 19-A)	8,528,132	4,511,105
Selling and marketing expenses (Note 20)	1,452,139	979,880
General and administrative expenses (Note 21)	179,562	203,177
	<b>10,159,833</b>	<b>5,694,162</b>

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

	Buildings on leased land	Plant and Equipment	Vehicles and Transportatio n	Molds	Furniture and Fixtures	Projects under construction	Total
	SAR	SAR	SAR	SAR	SAR	SAR	SAR
<u>Cost</u>							
Balance as of 1 January 2024	26,898,486	18,246,051	5,673,693	5,059,169	376,166	643,948	56,897,513
Additions during the year	-	4,992,552	3,464,713	1,362,034	-	7,997,478	17,816,777
Disposals during the year	-	(479,398)	(516,318)	(10,763)	(22,000)	-	(1,028,479)
Transferred from Inventory (Note 9)	-	-	-	-	-	6,681	6,681
Transferred from Projects under construction	1,487,482	-	-	-	-	(1,487,482)	-
Balance as at 31 December 2024	28,385,968	22,759,205	8,622,088	6,410,440	354,166	7,160,625	73,692,492
<u>Accumulated depreciation</u>							
Balance as of 1 January 2024	4,149,975	12,441,193	3,349,634	2,856,965	358,824	-	23,156,591
Charged during the year	1,357,314	2,429,098	1,111,795	782,291	13,664	-	5,694,162
Disposals during the year	-	(435,635)	(322,910)	(6,636)	(18,699)	-	(783,880)
Balance as at 31 December 2024	5,507,289	14,434,656	4,138,519	3,632,620	353,789	-	28,066,873
<u>Net carrying amount</u>							
As of 31 December 2024	22,878,679	8,324,549	4,483,569	2,777,820	377	7,160,625	45,625,619

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**6- INTANGIBLE ASSETS, NET**

Intangible assets consist of accounting system used by the Group, which is amortized over a period of 5 years. The movement in intangible assets for the year ended is as follows:

	<b>31 DECEMBER 2025</b>	31 December 2024
	<b>SAR</b>	SAR
<b><u>Cost</u></b>		
Balance as at the beginning of the year	<b>349,000</b>	349,000
<b>Balance as at the end of the year</b>	<b>349,000</b>	349,000
<b><u>Accumulated amortization</u></b>		
Balance at the beginning of the year	<b>217,583</b>	147,783
Charged during the year (note 21)	<b>69,799</b>	69,800
<b>Balance as at the end of the year</b>	<b>287,382</b>	217,583
<b>Net book value</b>	<b>61,618</b>	131,417

**7- LEASE CONTRACTS**

Right-of-use assets relate to lease contracts for land and buildings (warehouses and employee housing) and are depreciated on a straight-line basis over the lease terms, which range from 2 to 20 years.

The following table illustrates the movement during the year in both right-of-use assets and lease liabilities:

**A- Movement in the right of use assets, net:**

<b>31 December 2025</b>	<b>Lands</b>	<b>Buildings</b>	<b>Total</b>
<b><u>Cost</u></b>			
Balance as at the beginning of the year	7,134,057	534,845	7,668,902
Additions during the year	<b>2,088,565</b>	<b>418,504</b>	<b>2,507,069</b>
Disposals during the year	-	<b>(167,556)</b>	<b>(167,556)</b>
<b>Balance as at the end of the year</b>	<b>9,222,622</b>	<b>785,793</b>	<b>10,008,415</b>
<b><u>Accumulated depreciation</u></b>			
Balance at the beginning of the year	1,408,598	109,102	1,517,700
Charged for the year	<b>485,193</b>	<b>233,961</b>	<b>719,154</b>
Disposals during the year	-	<b>(37,423)</b>	<b>(37,423)</b>
<b>Balance as at the end of the year</b>	<b>1,893,791</b>	<b>305,640</b>	<b>2,199,431</b>
<b>Net book value</b>			
<b>Balance as at the end of the year</b>	<b>7,328,831</b>	<b>480,153</b>	<b>7,808,984</b>

-The depreciation expense of right-of-use assets has been categorized as follows:

	<b>2025</b>	2024
	<b>SAR</b>	SAR
Operating expenses (Note 19-A)	<b>484,548</b>	343,972
Selling and marketing expenses (Note 20)	<b>234,606</b>	144,188
	<b>719,154</b>	488,160

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**7- LEASE CONTRACTS (CONTINUED)**

**A-Movement in the right of use assets, net: (continued)**

<u>31 DECEMBER 2024</u>	Lands	Buildings	Total
<u>Cost</u>			
Balance as at the the beginning of the year	5,736,360	294,498	6,030,858
Additions during the year	1,397,697	534,845	1,932,542
Disposals during the year	-	(294,498)	(294,498)
Balance at the end of the year	<u>7,134,057</u>	<u>534,845</u>	<u>7,668,902</u>
<u>Accumulated depreciation</u>			
Balance as at the the beginning of the year	1,064,626	68,895	1,133,521
Charged for the year	343,972	144,188	488,160
Disposals during the year	-	(103,981)	(103,981)
Balance as at the the end of the year	<u>1,408,598</u>	<u>109,102</u>	<u>1,517,700</u>
<u>Net book value</u>			
Balance as at the the end of the year	<u>5,725,459</u>	<u>425,743</u>	<u>6,151,202</u>

**B-Movement in leases liabilities:**

	<b>31 December 2025</b>	31 December 2024
	SAR	SAR
Balance as at the beginning of the year	<u>5,994,069</u>	4,891,040
Additions during the year	<u>2,507,069</u>	1,932,542
Disposals during the year	<u>(112,863)</u>	(202,418)
Amortization of interests during the year (note 23)	<u>420,630</u>	226,884
Paid during the year	<u>(1,260,713)</u>	(853,979)
<b>Balance as at the end of the year</b>	<u><b>7,548,192</b></u>	<u>5,994,069</u>
<b>Lease liabilities are allocated as follows:</b>		
Non-current portion	<u>6,966,023</u>	5,568,191
Current portion	<u>582,169</u>	425,878

Lease payments and expenses related to lease liabilities as of 31 December 2025 are as follows:

	Current	Non-current	Total
	SAR	SAR	SAR
Lease payments	<u>971,900</u>	<u>10,390,584</u>	<u>11,362,484</u>
Finance costs	<u>(389,731)</u>	<u>(3,424,561)</u>	<u>(3,814,292)</u>
<b>Net present value</b>	<u><b>582,169</b></u>	<u><b>6,966,023</b></u>	<u><b>7,548,192</b></u>

Lease payments and expenses related to lease liabilities as of 31 December 2024 are as follows:

	Current	Non-current	Total
	SAR	SAR	SAR
Lease payments	634,877	7,634,908	8,269,785
Finance Costs	(208,999)	(2,066,717)	(2,275,716)
Net present value	<u>425,878</u>	<u>5,568,191</u>	<u>5,994,069</u>

**8- ADVANCE PAYMENTS FOR THE ACQUISITION OF ASSETS**

advance payments for the acquisition of assets represent amounts paid for the purchases of machinery and equipment from external suppliers, which. The balance as of 31 December 2025 amounted to SAR 1,828,802 (31 December 2024: SAR 11,821,010).

The movement of advances paid for the purchase of assets was as follows:

	<b>31 December 2025</b>	31 December 2024
	SAR	SAR
Balance at the beginning of the year	<u>11,821,010</u>	561,056
Additions during the Year	<u>1,512,475</u>	11,821,010
Transferred to property, plant and equipment	<u>(11,504,683)</u>	(561,056)
<b>Balance at the end of the year</b>	<u><b>1,828,802</b></u>	<u>11,821,010</u>

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**9- INVENTORY, NET**

	<b>31 December 2025</b>	31 December 2024
	<b>SAR</b>	SAR
Finished goods	<b>26,564,448</b>	19,082,742
Raw materials	<b>12,414,961</b>	7,981,987
semi-finished goods	<b>12,222,707</b>	3,711,156
Packing and packaging materials	<b>6,502,387</b>	4,000,244
Spare parts	<b>414,145</b>	-
Transferred to property, plant and equipment (note 5)	-	(6,681)
Less: Provision for slow moving inventory	<b>(659,417)</b>	(423,759)
	<b>57,459,231</b>	34,345,689

The following is the movement schedule of the provision for slow-moving and obsolete inventory:

	<b>31 December 2025</b>	31 December 2024
	<b>SAR</b>	SAR
Balance as at the beginning of the year	<b>423,759</b>	423,759
Charged during the year (Note 21)	<b>235,658</b>	-
<b>BALANCE AS AT THE END OF THE YEAR</b>	<b>659,417</b>	423,759

**10- Related Party Transactions**

The Group, in the ordinary course of its business, transacts with related parties.

A- Related party transactions are as follows:

Related party	Relationship	Nature of transaction	<b>Transactions during the year ended 31 December</b>			
			2025		2024	
			Debit	Credit	Debit	Credit
			<b>2,246,751</b>	-	2,246,751	-
	Its owner was a member of the Board of Directors.	Payment	-	<b>2,168,882</b>	-	1,763,411
Habat Al-Bard Plastic Factory Establishment		Service	<b>762</b>	-	17,655	-
		VAT	-	<b>325,332</b>	3,116	264,512
	Its owner is a member of the family of the Vice Chairman of the Board of Directors.	Payment	<b>21,160</b>	-	-	127,555
		VAT	<b>238,530</b>	<b>196,705</b>	238,530	94,280
ZAT Industrial Factory Establishment		Sale of Assets	-	-	16,224	-
		Service	<b>7,650</b>	-	3,651	-
		Purchase of Goods	-	<b>1,311,358</b>	-	628,535
		Sale of Goods	<b>1,582,552</b>	-	1,270,723	-

On 24 September 2025, the relationship with Habat Al-Bard Plastic Factory Establishment ceased to qualify as a related party relationship due to the resignation of the Board member who owns the establishment. Accordingly, all transactions carried out with Habat Al-Bard Plastic Factory Establishment from 1 January 2025 to 24 September 2025 have been disclosed as related party transactions.

B- The following are the balances receivable from related parties:

	<b>31 December 2025</b>	31 December 2024
	<b>SAR</b>	SAR
ZAT Industrial Factory Establishment	<b>975,645</b>	633,816
Habat Al-Bard Plastic Factory Establishment	-	246,701
	<b>975,645</b>	880,517

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**11- TRADE RECEIVABLE ,NET**

	<b>31 December 2025</b>	31 December 2024
	<b>SAR</b>	SAR
Trade receivable	<b>26,827,671</b>	20,897,600
(Less): Provision for expected credit losses	<b>(1,685,777)</b>	(986,730)
	<b>25,141,894</b>	19,910,870

Movement in the allowance for expected credit losses is as follows:

	<b>31 December 2025</b>	31 December 2024
	<b>SAR</b>	SAR
Balance as at the beginning of the year	<b>986,730</b>	1,224,595
Charged/ (Reversal) during the year	<b>699,047</b>	(237,865)
<b>Balance as at the end of the year</b>	<b>1,685,777</b>	986,730

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

	<b>From 1 to</b>	<b>From 91 to</b>	<b>From 181</b>	<b>From</b>	<b>Over 360</b>	<b>Total</b>
	<b>90 days</b>	<b>180 days</b>	<b>to 270</b>	<b>271 to</b>	<b>days</b>	<b>SAR</b>
	<b>SAR</b>	<b>SAR</b>	<b>days</b>	<b>360 days</b>	<b>SAR</b>	<b>SAR</b>
<b>31 December 2025</b>	<b>SAR</b>	<b>SAR</b>	<b>SAR</b>	<b>SAR</b>	<b>SAR</b>	<b>SAR</b>
Expected credit loss Rate	<b>1.55%</b>	<b>12.46%</b>	<b>45.78%</b>	<b>73.43%</b>	<b>51.41%</b>	<b>6.28%</b>
Total book value	<b>22,067,662</b>	<b>2,995,968</b>	<b>446,031</b>	<b>402,096</b>	<b>915,914</b>	<b>26,827,671</b>
Provision for expected credit losses	<b>342,048</b>	<b>373,420</b>	<b>204,189</b>	<b>295,244</b>	<b>470,876</b>	<b>1,685,777</b>

	<b>From 1 to</b>	<b>From 91 to</b>	<b>From 181</b>	<b>From 271</b>	<b>Over 360</b>	<b>Total</b>
	<b>90 days</b>	<b>180</b>	<b>to 270</b>	<b>to 360</b>	<b>days</b>	<b>Total</b>
	<b>SAR</b>	<b>daysSAR</b>	<b>daysSAR</b>	<b>daysSAR</b>	<b>SAR</b>	<b>SAR</b>
<b>31 December 2024</b>	<b>SAR</b>	<b>SAR</b>	<b>SAR</b>	<b>SAR</b>	<b>SAR</b>	<b>SAR</b>
Expected credit loss rate	<b>%0.76</b>	<b>%6.83</b>	<b>%34.22</b>	<b>%63.54</b>	<b>%73.87</b>	<b>%4.72</b>
Total book value	<b>17,464,365</b>	<b>2,250,565</b>	<b>386,761</b>	<b>186,475</b>	<b>609,434</b>	<b>20,897,600</b>
Allowance for expected credit losses	<b>132,084</b>	<b>153,634</b>	<b>132,364</b>	<b>118,485</b>	<b>450,163</b>	<b>986,730</b>

**12- PREPAID EXPENSES AND OTHER ASSETS**

	<b>31 December 2025</b>	31 December 2024
	<b>SAR</b>	SAR
Advances from suppliers	<b>4,704,750</b>	4,895,227
Prepaid expenses	<b>522,245</b>	481,445
Employees receivable	<b>82,101</b>	32,392
Value added tax	<b>60,508</b>	-
Others	<b>536,073</b>	252,311
	<b>5,905,677</b>	5,661,375

**13- SHARE PREMIUM**

On (corresponding to 27 December 2023) 14 Jumada Al-Akhirah 1445H, the Extraordinary General Assembly approved an increase in the Group's capital from SAR 63 million to SAR 70.5 million through the issuance of 750,000 new shares, subscribed by new shareholders via a public offering on the Parallel Market. The nominal value of each share was SAR 10 (Note 1).

During 2024, the Group issued new shares on the parallel market (Nomu), where 750,000 shares were issued for a total amount of SAR 33 million, at a market price of SAR 44 per share. The difference between the nominal value and the market price, totaling SAR 23,897,450, was transferred to the share premium account, after increasing the share capital by SAR 7,500,000 and deducting listing costs of SAR 1,602,550.

The Share Premium as of 31 December 2025 amounted to SAR 23,897,450 (31 December 2024: 23,897,450 SAR).

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**14- STATUTORY RESERVW**

The Group amended its Articles of Association to align with the new Companies Law, which came into effect on 19 January 2023 in the Kingdom of Saudi Arabia. The law stipulates that companies are not required to maintain a statutory reserve approved decided by the General Assembly, and the balance of the reserve may be transferred to retained earnings.

(corresponding to 7 March 2024) On 26 Sha'ban 1445H, the Ordinary General Assembly approved the recommendation of the Group's Board of Directors to transfer the statutory reserve balance of SAR 175,000 to retained earnings.

**15- EMPLOYEES' BENEFIT OBLIGATIONS**

The Group determines the present value of employee benefits obligations by conducting an actuarial valuation using the projected unit credit method, taking into account the following assumptions:

	<b>31 December 2025</b>	31 December 2024
Discount rate	<b>5%</b>	5.5%
Benefits increase rate	<b>3%</b>	3%
Employees turnover	<b>15%</b>	11.5%

The movement of employee benefits obligations is as follows:

	<b>31 December 2025</b>	31 December 2024
	<b>SAR</b>	SAR
Balance of employee benefits obligations As at the beginning of the year	<b>1,886,000</b>	1,553,000
<b><u>Charged to the Consolidated Statement of Profit or Loss</u></b>		
Current service cost	<b>711,721</b>	342,000
Interest cost (note 23)	<b>135,596</b>	89,000
<b><u>Charged to the Consolidated Statement of Other Comprehensive Income</u></b>		
Actuarial re-measurement of employees' benefit obligations	<b>157,909</b>	46,288
<b><u>Paid during the year</u></b>	<b>(179,300)</b>	(144,288)
<b>Balance of employee benefit obligations As at the end of the year</b>	<b>2,711,926</b>	1,886,000

Sensitivity analysis of employee benefits obligations:

		<b>31 December 2025</b>	31 December 2024
		<b>SAR</b>	SAR
	<b>Basis</b>		
Salary change rate	Increase by 1%	<b>3,005,376</b>	1,841,000
	Decrease by 1%	<b>2,445,180</b>	1,951,000
	<b>Basis</b>		
Discount rate	Increase by 1%	<b>2,499,137</b>	1,954,000
	Decrease by 1%	<b>2,963,595</b>	1,837,000
<b>Assuming a statistical study of employees, membership data</b>			
Average age of employees (in years)		<b>31.28</b>	31.2
Average service		<b>2.57</b>	2.4

The above sensitivity analysis has been determined based on a method that estimates the impact on employees' end-of-service benefits resulting from reasonably possible changes in key assumptions as at the end of the reporting period of the consolidated financial statements. The sensitivity analysis is based on changes in significant assumptions, assuming all other assumptions remain constant. The sensitivity analysis may not be representative of an actual change in the employee benefits obligation, as it is unlikely that changes in assumptions would occur in isolation.

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**15- EMPLOYEES' BENEFIT OBLIGATIONS (CONTINUED)**

Future cash flows for employee benefits over time (by years):

	31 December 2025 SAR	31 December 2024 SAR
Less than one year	619,104	296,000
Between one to two years	650,059	288,000
Between two to five years	2,151,774	1,000,000
More than five years	3,950,750	10,169,000
	<b>7,371,687</b>	<b>11,753,000</b>

**16- ACCRUED EXPENSES AND OTHER LIABILITIES:**

	31 December 2025 SAR	31 December 2024 SAR
Accrued salaries	1,915,468	1,345,808
Advances from customers	1,170,293	966,140
Accrued expenses	1,422,635	771,821
Value added tax	-	622,016
	<b>4,508,396</b>	<b>3,705,785</b>

**17- ZAKAT**

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

	31 December 2025 SAR	31 December 2024 SAR
Balance as at the beginning of the year	1,881,976	318,600
Expense charged during the year	1,919,053	1,974,681
Zakat Differences (Note 21)	2,793	98,526
Paid during the year	(1,884,832)	(509,831)
<b>Balance at the end of the year</b>	<b>1,918,990</b>	<b>1,881,976</b>

**B-Zakat Position**

**Asq Plastic Factory Company**

The Company has submitted Zakat returns for the prior years up to 31 December 2024 and obtained Zakat certificates for these years. During the current year, the Company received a Zakat assessment notice from the Zakat, Tax and Customs Authority for the year 2024 amounting to SAR 2,793, which was settled and paid during the year.

**Asq Pipes Company**

The Company has submitted Zakat returns for the prior years up to 31 December 2024 and obtained Zakat certificates for these years. The Zakat, Tax and Customs Authority has completed the review of all prior years up to the year ended 31 December 2019, and the Company has settled all additional Zakat obligations.

**18- SALES**

The Group sells its products both inside and outside the Kingdom of Saudi Arabia, and revenue from sales is recognized at a point in time. The Company's sales for the year ended 31 December 2025 amounted to SAR 179,786,267 (31 December 2024: SAR 141,719,183).

A-The Group's sales were distributed as follows:

<b><u>Geographical Distribution of Revenue:</u></b>	<b>2025</b>	<b>2025</b>	<b>2024</b>	<b>2024</b>
	<b>SAR</b>	<b>Ratio %</b>	<b>SAR</b>	<b>Ratio %</b>
Kingdom of Saudi Arabia	177,995,904	99%	140,052,226	98.82%
Other GCC Countries	1,730,965	0.97%	1,592,667	1.13%
Other Countries	59,398	0.03%	74,290	0.05%
	<b>179,786,267</b>	<b>100%</b>	<b>141,719,183</b>	<b>100%</b>

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**18- SALES (CONTINUED)**

B- The Group's sales were distributed as follows:

	2025	2024
	SAR	SAR
Sales through rroup branches	177,079,428	139,081,618
Sales through e-commerce store	2,706,839	2,637,565
	<b>179,786,267</b>	<b>141,719,183</b>

C- The Group's sales were distributed as follows:

	2025	2024
	SAR	SAR
Sales to group customers	178,203,715	140,448,460
Sales to related parties (Note 10)	1,582,552	1,270,723
	<b>179,786,267</b>	<b>141,719,183</b>

**19- COST OF SALES**

	2025	2024
	SAR	SAR
Opening inventory	34,776,129	22,312,721
Purchases during the year	101,525,952	75,883,871
Operating expenses (note 19-A)	28,057,237	18,714,326
Less: Closing inventory	(58,118,648)	(34,776,129)
	<b>106,240,670</b>	<b>82,134,789</b>

**(19-A) OPERATING EXPENSES**

	2025	2024
	SAR	SAR
Salaries, wages and benefits of employees	9,203,177	7,160,595
Depreciation of property, plant and equipment (note 5)	8,528,132	4,511,105
Electricity, water, and gas	4,011,696	2,845,040
Maintenance and repairs	3,330,604	1,877,247
Licenses, permits, and government fees	965,928	519,408
Packaging, and coloring expenses	559,922	450,965
Depreciation of right of use assets (Note 7)	484,548	343,972
Others	973,230	1,005,994
	<b>28,057,237</b>	<b>18,714,326</b>

**20- SELLING AND MARKETING EXPENSES**

	2025	2024
	SAR	SAR
Salaries, wages and benefits of employees	4,886,566	2,916,463
Freight and transportation	3,730,743	2,271,153
Sales and distribution commissions	3,607,352	2,229,181
Vehicle expenses	3,105,163	2,213,658
Incentives and bonuses	2,442,021	1,721,966
Advertising and promotion	1,462,193	1,192,729
Depreciation of property, plant and equipment (note 5)	1,452,139	979,880
Events and Conferences	759,890	50,168
Licenses, permits, and government fees	473,421	191,693
Rent expenses*	426,696	439,176
Depreciation of right of use assets (Note 7)	234,606	144,188
Others	1,804,395	1,473,280
	<b>24,385,185</b>	<b>15,823,535</b>

\*These represents short-term lease contracts with a duration of 12 months or less, used as accommodation for the Group's sales representatives within the Kingdom of Saudi Arabia.

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**21- GENERAL AND ADMINISTRATIVE EXPENSES**

	<b>2025</b>	2024
	<b>SAR</b>	SAR
Salaries, wages and benefits of employees	<b>10,132,433</b>	6,950,294
Government fees and subscriptions	<b>1,465,031</b>	960,290
Professional fees and consulting	<b>469,800</b>	545,930
Office Supplies	<b>353,698</b>	179,093
Provision for slow moving inventory (note 9)	<b>235,658</b>	-
Hospitality and cleaning expenses	<b>190,353</b>	163,409
Depreciation of property, plant and equipment (note 5)	<b>179,562</b>	203,177
Board of directors and committees' remuneration	<b>164,833</b>	157,500
Vehicle expenses	<b>111,263</b>	147,940
Bank charges	<b>102,921</b>	79,342
Telephone and postage	<b>70,253</b>	36,743
Amortization of intangible assets (note 6)	<b>69,799</b>	69,800
Zakat differences (note 17-A)	<b>2,793</b>	98,526
Others	<b>1,016,153</b>	707,581
	<b>14,564,550</b>	10,299,625

**22- OTHER INCOME, NET**

	<b>2025</b>	2024
	<b>SAR</b>	SAR
Foreign exchange differences	<b>871,468</b>	209,399
Service revenue	<b>363,370</b>	15,204
Gains on Sale of property, plant and equipment	<b>218,030</b>	55,752
Leasing income	<b>75,000</b>	75,000
(Losses)/ gains on derecognition of lease contracts	<b>(17,270)</b>	11,901
Other	<b>4,192</b>	433,161
	<b>1,514,790</b>	800,417

**23- FINANCE COSTS**

	<b>2025</b>	2024
	<b>SAR</b>	SAR
Interest expense on lease liabilities (note 7)	<b>420,630</b>	226,884
Interest expense on employee benefits obligations (note 15)	<b>135,596</b>	89,000
	<b>556,226</b>	315,884

**24- BASIC AND DILUTED EARNINGS PER SHARE**

Basic and diluted earnings per share are calculated by dividing the net profit for the year by the weighted average number of outstanding shares. The Group has no potential dilutive shares; therefore, diluted earnings per share are equal to basic earnings per share. The table below presents the profit and shares data used in the calculation of basic and diluted earnings per share:

	<b>2025</b>	2024
	<b>SAR</b>	SAR
Net profit for the year	<b>32,936,326</b>	32,208,951
Weighted average number of outstanding shares at year-end	<b>7,050,000</b>	6,597,945
Basic and diluted earnings per share	<b>4.67</b>	4.88

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**25- TRANSACTIONS WITH SENIOR MANAGEMENT, KEY EXECUTIVES, AND BOARD MEMBERS**

Members of the Board of Directors and their sub-committees are granted remuneration and Meeting attendance allowances. Executive officers may also be granted bonuses in recognition of their management duties and direct responsibilities. The table below presents details of the compensation and benefits paid to the Board members, sub-committee members, and senior management employees:

	<b>Nature of the Transaction</b>	<b>2025 SAR</b>	<b>2024 SAR</b>
Senior management and executive management	Salaries and Other allowances	<b>336,583</b>	228,300
	End-of-Service benefits	<b>156,339</b>	74,468
Board of directors and sub-committee members	Meeting attendance allowances and bonuses	<b>164,833</b>	157,500

**26- SEGMENT INFORMATION**

Segment information relates to the Group's activities and operations, which the Group's management uses as the basis for preparing its financial information in a manner consistent with internal reporting methods. Transactions between segments are conducted on the same terms as those with external parties.

The assets, liabilities, and operating activities of the segments include items that relate directly to a specific segment as well as items that can be allocated to different segments based on reasonable allocation bases. Items that cannot be allocated between segments are classified under common assets and liabilities. The Group's segments are as follows:

Segment: Manufacturing packaging products and single-use kitchenware.

Segment: Manufacturing plastic pipes and fittings.

The Group has no other segments. Its products are sold both inside and outside the Kingdom of Saudi Arabia, through the Group's branches and e-commerce store.

Management does not analyze total assets and liabilities based on geographical location; therefore, total assets and liabilities are not disclosed at the country level.

The following is a summary of the segment financial information in Saudi Riyals for the years ended 31 December 2025 and 31 December 2024, respectively, based on the nature of the activities:

	<b>Manufacturing segment (packaging products)</b>	<b>Manufacturing segment (pipes and fittings)</b>	<b>Total</b>
	<b>SAR</b>	<b>SAR</b>	<b>SAR</b>
<b>As at 31 December 2025</b>			
Total current assets	53,789,390	38,447,315	92,236,705
Total non-current assets	77,683,187	14,507,460	92,190,647
<b>Total assets</b>	<b>131,472,577</b>	<b>52,954,775</b>	<b>184,427,352</b>
Total current liabilities	14,295,930	5,088,861	19,384,791
Total non-current liabilities	6,322,592	3,355,357	9,677,949
<b>Total liabilities</b>	<b>20,618,522</b>	<b>8,444,218</b>	<b>29,062,740</b>
<b>As at 31 December 2024</b>			
Total current assets	58,615,087	29,156,741	87,771,828
Total non-current assets	50,248,509	13,480,739	63,729,248
Total assets	108,863,596	42,637,480	151,501,076
Total current liabilities	8,662,369	4,338,321	13,000,690
Total non-current liabilities	4,144,770	3,309,421	7,454,191
Total liabilities	12,807,139	7,647,742	20,454,881

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**26- SEGMENT INFORMATION (CONTINUED)**

<b>As at 31 December 2025</b>	<b>Manufacturing segment (packaging products) SAR</b>	<b>Manufacturing segment (pipes and fittings) SAR</b>	<b>Total SAR</b>
Revenue	124,929,780	54,856,487	179,786,267
Cost of revenue	76,741,159	29,499,511	106,240,670
Gross profit for the year	48,188,621	25,356,976	73,545,597
Depreciation and amortization	8,431,141	2,517,645	10,948,786
Finance costs	407,856	148,370	556,226
Net profit for the year	<b>26,512,399</b>	<b>6,423,927</b>	<b>32,936,326</b>

<b>As at 31 December 2024</b>	<b>Manufacturing Segment (Packaging Products) SAR</b>	<b>Manufacturing Segment (Pipes and Fittings) SAR</b>	<b>Total SAR</b>
Revenue	102,115,604	39,603,579	141,719,183
Cost of revenue	63,960,352	18,174,437	82,134,789
Gross profit for the year	38,155,252	21,429,142	59,584,394
Depreciation and amortization	4,351,802	1,900,320	6,252,122
Finance costs	172,596	143,288	315,884
Net profit for the year	<b>22,209,676</b>	<b>9,999,275</b>	<b>32,208,951</b>

**27- RISK MANAGEMENT**

**Liquidity Risk**

Liquidity risk is the risk that the Group may face difficulties in providing the obtaining sufficient liquidity to meet its obligations related to financial instruments due to third parties. To minimize liquidity risk and the potential losses associated with it to the Group's operations, the Group maintains, where possible, an adequate level of highly liquid current assets under all operating conditions.

The Group also has a policy for dynamically estimating cash flows and a system through which it can estimate the maturity dates of its obligations and develop appropriate plans to ensure the availability of the required resources to settle these obligations when due.

**The following table shows the maturity profile of liabilities as of 31 December 2025:**

<b>31December 2025</b>	<b>3 months or less SAR</b>	<b>More than 3 Months to 1 Year SAR</b>	<b>More than 1 Year to 10 Years SAR</b>	<b>More than 10 Years SAR</b>	<b>Total SAR</b>	<b>Book Value SAR</b>
Employees' benefits obligations	-	619,104	2,801,833	3,950,750	7,371,687	2,711,926
Lease liabilities	251,817	720,083	5,974,397	4,416,187	11,362,484	7,548,192
Trade payable	-	12,375,236	-	-	12,375,236	12,375,236
Accrued expenses and other liabilities	-	3,338,103	-	-	3,338,103	3,338,103
<b>Total</b>	<b>251,817</b>	<b>17,052,526</b>	<b>8,776,230</b>	<b>8,366,937</b>	<b>34,447,510</b>	<b>25,973,457</b>

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**27- RISK MANAGEMENT (CONTINUED)**

31 December 2024	3 months or less SAR	More than 3 Months to 1 Year SAR	More than 1 Year to 10 Years SAR	More than 10 Years SAR	Total SAR	Book Value SAR
Employees' benefits obligations	-	296,000	1,288,000	10,169,000	11,753,000	1,886,000
Lease liabilities	107,265	527,612	7,634,908	-	8,269,785	5,994,069
Accounts payable	-	6,987,051	-	-	6,987,051	6,987,051
Accrued expenses and other liabilities	-	2,739,645	-	-	2,739,645	2,739,645
<b>Total</b>	<b>107,265</b>	<b>10,550,308</b>	<b>8,922,908</b>	<b>10,169,000</b>	<b>29,749,481</b>	<b>17,606,765</b>

**Credit risk**

Credit risk represents the risk that one party to a financial instrument will fail to meet its obligations, resulting in a financial loss to the other party. Concentration risk arises when several counterparties have similar activities, operate in the same geographical regions, or share similar economic characteristics that may affect their ability to meet their contractual obligations.

	31 December 2025 SAR	31 December 2024 SAR
Trade receivables	26,827,671	20,897,600
Cash at banks	2,754,258	26,973,377
Due from related parties	975,645	880,517
	<b>30,557,574</b>	<b>48,751,494</b>

Cash balances are maintained with banks having a credit rating of A- and above.

The Group applies the simplified approach of IFRS 9 to measure expected credit losses, which uses the lifetime expected loss allowance for all trade receivables. To measure expected credit losses, trade receivables are grouped based on shared credit risk characteristics and days past due. Historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors that affect customers' ability to settle their receivables. The adjusted loss rates for the current year are similar to the actual loss rates observed in the prior year. The Group considers GDP, unemployment rate, inflation rate, and interest rate of the countries to which it sells goods and services as the most relevant factors and adjusts historical loss rates based on expected changes in these factors.

Trade receivables balances consist of 99.96% (2024: 99.90%) of balances in the Kingdom of Saudi Arabia and 0.04% (2024: 0.10%) in other GCC countries (excluding Saudi Arabia). The five largest customers account for approximately 11.5% of total trade receivables as of 31 December 2025 (35% as of 31 December 2024).

The Group manages credit risk related to amounts due from customers through monitoring in accordance with defined policies and procedures. Credit risk is mitigated by setting credit limits for each customer and continuously monitoring outstanding trade receivables.

**Market risk**

Market risk refers to the risk arising from fluctuations in the fair value or future cash flows of a financial instrument due to changes in prevailing market prices. Market risk comprises three main types: interest rate risk, currency risk, and price risk.

**Interest rate risk**

The Group manages interest rate risk through the use of There are no borrowing and deposits. The Group monitors changes in interest rates, and management has assessed that the impact on the year's profit resulting from an increase or decrease in interest rates is not material.

**Currency risk**

Foreign exchange risk arises from potential changes and fluctuations in currency exchange rates that may affect future profits or the fair values of financial instruments. The Group monitors currency rate fluctuations and considers the impact of foreign exchange risk to be not material.

**Fair value**

The fair value of the Group's financial assets and liabilities does not materially differ from their carrying amounts as reported in the consolidated financial statements.

**ASG PLASTIC FACTORY COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**

**28- DIVIDEND**

On 27 May 2025, the General Assembly approved the distribution of annual dividends amounting to SAR 0.65 per share, with a total value of SAR 4,582,500.

On 17 August 2025, the Board of Directors resolved to distribute interim dividends for the first half of the financial year 2025, based on the authorization granted by the General Assembly on 27 May 2025, amounting to SAR 0.55 per share, with a total value of SAR 3,877,500.

As a result, the total dividends distributed during the year ended 31 December 2025 amounted to SAR 8,460,000 (2024: SAR 5,377,500).

**29- CAPITAL COMMITMENTS**

The Group has capital commitments arising from projects under construction, related to the expansion of the factory located on leased land, amounting to SAR 15,550,230 as of 31 December 2025 (31 December 2024: SAR 7,839,375) (note 5).

**30- NON-CASH TRANSACTIONS**

The non-cash transactions are as follows:

	2025 SAR	2024 SAR
Transferred from advance payments for the acquisition of assets to property, plant and equipment	11,504,683	561,056
Additions to right of use assets against lease liabilities	2,507,069	1,932,542
Transferred from statutory reserve to retained earnings	-	175,000
Transferred from Inventory to property, plant and equipment	-	6,681

**31- Comparative Figures**

Certain comparative figures have been reclassified to conform with the current year's presentation. The table below shows the impact of these reclassifications on the consolidated statement of profit or loss and other comprehensive income as of 31 December 2024:

	2024 Before Reclassification SAR	Reclassification SAR	2024 After Reclassification SAR
Sales	142,725,352	(1,006,169)	141,719,183
Selling and marketing expenses	(16,829,704)	1,006,169	(15,823,535)
General and administrative expenses	(11,666,184)	1,366,559	(10,299,625)
Other income, net	2,166,976	(1,366,559)	800,417

**32- SIGNIFICANT MATTERS DURING THE YEAR**

On 31 December 2025, the Group entered into an agreement with the Saudi Industrial Development Fund ("the Fund") to obtain a loan totaling SAR 35,000,000 for a period of two years, aimed at financing working capital. The loan will be repaid in four equal quarterly installments during the second year, with the first installment due on 13 January 2027 and the final installment on 13 January 2028. The loan is secured by promissory notes signed by shareholders Mohammed Fahd Al-Othman, Nasser Fahd Al-Othman, and Fahd Nasser Al-Othman As of the consolidated statement of financial position date, no amount had been drawn from the loan, and the full amount remains available for use.

**33- GENERAL**

The figures in these consolidated financial statements are rounded to the nearest Saudi Riyals.

**34- SUBSEQUENT EVENTS**

On 2 Ramadan 1447 H (corresponding to 19 February 2026), the Board of Directors resolved to recommend to the General Assembly the distribution of cash dividends to shareholders for the financial year ended 31 December 2025, amounting to SAR 4,582,500, representing SAR 0.65 (sixty-five halalas) per share.

Other than the above, in management's opinion, there were no other significant subsequent events after 31 December 2025 up to the date of approval of the consolidated financial statements that could have a material impact on the consolidated financial statements as of 31 December 2025.

**35- APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS**

The consolidated financial statements were approved by the Board of Directors, on 2 Ramadan 1447 H (corresponding to 19 February 2026).

