

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF AL OBEIKAN GLASS COMPANY A SAUDI JOINT STOCK COMPANY

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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OPINION

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Al Obeikan Glass Company (the "Company") and its subsidiaries (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 (IFRS) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants (SOCPA).

We have audited the consolidated financial statements of the group, which comprise of the following:

- The consolidated statement of financial position as at 31 December 2025;
- The consolidated statement of profit or loss and other comprehensive income for the year then ended;
- The consolidated statement of changes in equity for the year then ended;
- The consolidated statement of cash flows for the year then ended, and;
- The notes to the consolidated financial statements, including a summary of material accounting policies and other information.

BASIS FOR OPINION

We conducted our audit in accordance with the 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 from the Group in accordance with the International Code of Ethics for Professional Accountants, that are endorsed in the Kingdom of Saudi Arabia, that are relevant to our audit of the consolidated financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

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KEY AUDIT MATTERS (Continued)

Key Audit Matters	How the matter was addressed in our audit
REVENUE RECOGNITION – SALES	
<p>For the year ended 31 December 2025, the Group has recognized revenue amounted to SAR 354.67 million (2024: SAR 327.11 million).</p> <p>Revenue is a key indicator of performance measurement, resulting in inherent risks in the revenue recognition process through revenue overstatements, Revenue is recognized when control, along with the related risks and rewards of the goods sold, is transferred to the customers.</p> <p>Due to the inherent risks in the revenue recognition process and the significance of revenue value, revenue recognition of products was considered as a key audit matter.</p> <p>The Group's accounting policy explains how revenue is recognized as described in Note 3 and the revenue analysis is presented in note 24.</p>	<p>The audit procedures we performed with respect to revenue recognition:</p> <ul style="list-style-type: none">  Assessing the appropriateness of the accounting policies related to revenue from the sale of goods, and evaluating the extent of their compliance with the requirements of International Financial Reporting Standard (IFRS) 15, "Revenue from Contracts with Customers".  Obtaining an understanding of, and evaluating the design and implementation of, internal controls related to the revenue cycle, including controls over invoice issuance, shipment recognition, and year-end closing procedures.  Examining a sample of sales transactions for goods, together with the relevant supporting documentation, to identify the performance obligations, delivery terms, and timing of transfer of control. This includes matching invoices to sales orders, shipping documents, and proof of delivery or evidence of service completion.  Testing the appropriateness of the timing of revenue recognition by reviewing shipments and invoices issued near the end of the financial year (cut-off procedures) to ensure that revenue is recorded in the proper accounting period.  Performing substantive analytical procedures to compare revenue trends for each business activity separately with prior periods and to investigate and analyse any significant variances identified.  Evaluating the adequacy and appropriateness of the revenue-related disclosures presented in the consolidated financial statements.

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KEY AUDIT MATTERS (Continued)

Key Audit Matters	How the matter was addressed in our audit
EXISTENCE AND VALUATION OF INVENTORIES	
<p>As of 31 December 2025, the net inventory balance was SAR 77.67 million (2024: SAR 50.59 million).</p> <p>Inventory is a material item in the financial statements, and determining its net realizable value and cost requires significant judgment and estimation by management.</p> <p>These estimations include assessing the need to recognize inventory impairment, including establishing an allowance for slow-moving or obsolete inventory, and relying on subsequent selling prices and the costs required to complete the sale.</p> <p>These estimations are affected by changing market conditions and demand levels, and any change in the assumptions used could have a material impact on the results of operations and the inventory amount presented in the financial statements. Therefore, inventory is recognized as a major audit issue.</p> <p>The accounting policy for inventory is explained in Note 3, and details of inventory are presented in Note 10.</p>	<p>The audit procedures we conducted to address the material risks associated with inventory included the following:</p> <p>Assessing the adequacy of the accounting policy and its compliance with the requirements of International Accounting Standard (IAS) 2, Inventories, and its consistent application.</p> <ul style="list-style-type: none"> ● Regarding presence and accuracy: <ul style="list-style-type: none"> - Attending the physical inventory count at the end of the financial year and assessing adherence to approved control procedures. - Testing samples of inventory results and reconciling them with accounting records, and verifying that inventory discrepancies were properly addressed. ● Regarding costing: <ul style="list-style-type: none"> - Testing a sample of purchases by examining invoices and supporting documentation. - Reviewing the costing methodology and testing the relevant calculations. ● Regarding net realizable value: <ul style="list-style-type: none"> - Evaluating the methodology used by management in calculating net realizable value. - Examining post-reporting selling prices on a sample basis and comparing them to cost to assess the reasonableness of net realizable value estimates. - Analyzing inventory aging reports to identify slow-moving or obsolete items. - Evaluating the reasonableness of the key assumptions used by management and testing the accuracy of the underlying data on which those estimates were based. - Evaluating the adequacy and appropriateness of inventory disclosures in the consolidated financial statements.

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KEY AUDIT MATTERS (Continued)

Key Audit Matters	How the matter was addressed in our audit
ACQUISITION ACCOUNTING OF AL OBEIKAN AGC GLASS COMPANY	
<p>On 26 November 2025, the Group acquired the remaining shares of Al Obeikan AGC Glass Company, increasing its ownership interest from 19%, previously recognized as a financial asset measured at FVOCI to 100%. The Group paid cash consideration of SAR 22.89 million and remeasured its previously held equity interest to its fair value of SAR 5.37 million at the acquisition date, resulting in a total consideration of SAR 28.27 million.</p> <p>As part of the purchase price allocation, SAR 156.49 million was attributed to the recognition of fair value of net assets acquired. SAR 2 million was attributed to the recognition of customer relationships with a useful life of 7 Years, with the remaining SAR 81.30 million recognized as goodwill in accordance with IFRS 3.</p> <p>The Group has accounted for the transaction as of the reporting date in accordance with IFRS 3.</p> <p>The accounting for this transaction is complex due to the significant judgements and estimates that are required in the identification and measurement of the fair value of the assets acquired and liabilities assumed.</p> <p>Management engaged external valuation specialists to assist with these judgement and estimates. In particular, the assessment of fair value of fixed assets and customer relationships involved a high degree of judgement, complexity, and estimation uncertainty, given the significance of the transaction, and was therefore considered as a key audit matter.</p>	<p>The audit procedures we performed in relation to the management's accounting of this acquisition, are as following:</p> <ul style="list-style-type: none"> • Obtained and analysed the corresponding underlying documents including share purchase agreement to corroborate the overall deal structure and transaction price, and agreed the value of the total consideration to supporting documentation; • Understood the business of the investee and other factors relevant for the control assessment such as terms of the sale and purchase agreements, condition precedents, purpose and design of investee, relevant activities that significantly affect the investee's returns, and the decision-making process of the investee; • We obtained the control assessment document prepared by management for the acquisition and evaluated management's conclusion against the criteria set out in IFRS 10; • We obtained the acquisition accounting purchase price allocation document prepared by the management expert; • Assessed the competence, capability, and objectivity of management's experts engaged in the acquisition accounting; • Involved our expert specialist to assess the appropriateness of the valuation methods and the reasonableness of the key assumptions applied in measuring the customer relationships intangible asset acquired, including independently developing an appropriate discount rate, assessing the completeness of identified intangible assets, and evaluating the reasonableness of the useful economic lives; • Tested the completeness and accuracy of the data inputs used in the underlying models for determining the fair value of customer relationships intangible assets; • Evaluated management's assessment of whether any impairment indicators exist, including consideration of financial performance, strategic plans, and observable market or business changes that could indicate impairment; and • Assessed the adequacy of disclosures included in the consolidated financial statements.

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OTHER MATTER

The Group's consolidated financial statements for the year ended 31 December 2024 were audited by another auditor who expressed an unmodified opinion in his report dated 9 April 2025 (corresponding to 11 Shawwal 1446H).

OTHER INFORMATION

Other information consists of the information included in the Group's 2025 annual report, other than the consolidated financial statements and our auditor's report thereon.

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 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 of the Group, 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 the SOCPA and Regulations for Companies and the Group's Bylaws and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the 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.

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 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 the International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

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AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the 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 a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our 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 consolidated financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for 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 provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

**For PKF AI Bassam
Chartered Accountants**



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