

**SAUDI ADVANCED INDUSTRIES COMPANY
(A Saudi Joint Stock Company)**

**CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
31 DECEMBER 2025**

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SAUDI ADVANCED INDUSTRIES COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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INDEPENDENT AUDITOR'S REPORT TO THE CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF SAUDI ADVANCED INDUSTRIES COMPANY (A Saudi Joint Stock Company)

Opinion

We have audited the consolidated financial statements of Saudi Advanced Industries Company (a Saudi Joint Stock Company) (the "Company"), and its subsidiary ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2025, its consolidated financial performance and 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 that are issued by the Saudi Organization for Chartered and Professional Accountants.

Basis for 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 set out in detail 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 Conduct and Ethics for Professional Accountants (including International Independence Standards) adopted in the Kingdom of Saudi Arabia that is relevant to our audit of the consolidated financial statements. We have also fulfilled our other ethical responsibilities in accordance with this Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The consolidated financial statements for the year ended 31 December 2024 were audited by another auditor, who expressed an unmodified opinion on those financial statements on 2 Shawwal 1446H (corresponding to 31 March 2025).

Key Audit Matters

The key audit matters in our professional judgment were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming the auditor’s opinion thereon, and we do not provide a separate opinion on these matters. The following describes the key audit matter and how it was addressed:

| Key Audit Matter | How our audit addressed the key audit matter |
|---|--|
| <p>Valuation of Unquoted Investments in Equity Instruments at Fair Value Through Profit or Loss (Level 3)</p> <p>As at 31 December 2025, the Group holds investments in unlisted equity instruments classified at fair value through profit or loss amounting to 382,496,212 ٴ. The fair value of these investments is determined using unobservable inputs (Level 3) within the fair value hierarchy.</p> | <p>The audit procedures we performed including, among other matters, the following:</p> <ul style="list-style-type: none"> • We assessed the appropriateness of the Group’s accounting policies relating to the classification and measurement of unlisted investments at fair value through profit or loss and evaluated the extent to which these policies comply with the requirements of (IFRS 9) Financial Instruments, as endorsed in the Kingdom of Saudi Arabia. • Obtained the valuation models prepared by the external expert and reviewed the data used therein. |

INDEPENDENT AUDITOR'S REPORT TO THE CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF SAUDI ADVANCED INDUSTRIES COMPANY (A Saudi Joint Stock Company) (continued)

Key Audit Matters (continued)

| Key Audit Matter | How our audit addressed the key audit matter |
|--|--|
| <p>We considered this a key audit matter because determining the fair value of these investments requires the use of complex valuation models, as well as reliance on significant assumptions and judgments made by management, which may have a material impact on the consolidated financial statements.</p> | <ul style="list-style-type: none"> • Engaged our own valuation expert to assist us in assessing the valuation methodologies used by management, as well as testing the reasonableness of key assumptions. • Assessing the adequacy and appropriateness of the related disclosures in the consolidated financial statements in accordance with International Financial Reporting Standards as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants. |

Other Information

Management is responsible for other information. Other information consists of the information included in the annual report but does not include the consolidated financial statements and our report thereon. It's expected that the annual report will be available to us after the date of our report. Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information referred to 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 during the audit or it appears in other way that it is materially misstated.

When we read the annual report, when it is available to us, if we became aware of 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 that are endorsed by the Saudi Organization for Chartered and Professional Accountants and the provisions of Companies' Law and Company's By-laws, and for such internal controls as management determines is necessary to enable the preparation of the 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, the Board of Directors, are responsible for overseeing the Group's financial reporting process.

**INDEPENDENT AUDITOR'S REPORT TO THE CONSOLIDATED FINANCIAL STATEMENTS
TO THE SHAREHOLDERS OF SAUDI ADVANCED INDUSTRIES COMPANY
(A Saudi Joint Stock Company) (continued)**

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 of Auditing that are endorsed in the Kingdom of Saudi Arabia will always detect 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 of Auditing that are endorsed in the kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risk 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 omission, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's 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 use of the going concern basis of accounting and based on the audit evidence obtained, whether 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 conclusion is based on the audit evidence obtained up to 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 to the consolidated financial statements, including the disclosure, 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 work to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as 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 the purpose of the Group audit. We remain solely responsible for our audit opinion.



**INDEPENDENT AUDITOR'S REPORT TO THE CONSOLIDATED FINANCIAL STATEMENTS
TO THE SHAREHOLDERS OF SAUDI ADVANCED INDUSTRIES COMPANY
(A Saudi Joint Stock Company) (continued)**

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

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 have also provided those charged with governance with a statement confirming our compliance with relevant ethical requirements regarding independence. We have communicated to them all relationships and other matters that may reasonably be thought to bear on our independence and, where appropriate, the actions taken to eliminate threats or the safeguards applied.

Among the matters communicated to those charged with governance, we determine those that were of most significance in the audit of the current year's financial statements. Accordingly, these are considered the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter, or 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 outweigh the public interest benefits of such communication

For Maham Company for Professional Services



Abdulaziz Saud Al Shabeebi
Certified Public Accountant
License no (339)
19 Shawwal 1447H
7 April 2026



SAUDI ADVANCED INDUSTRIES COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

| | <i>Note</i> | 2025 س | 2024 س |
|--|-------------|----------------------|----------------------|
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property and equipment | 6 | 16,509,111 | 17,712,304 |
| Investments in associated companies | 7 | 374,900,213 | 400,732,538 |
| Investments in equity instruments at fair value through other comprehensive income | 8 | 10,256,831 | 10,652,758 |
| Investments in equity instruments at fair value through profit or loss | 9 | 410,863,803 | 270,650,830 |
| Other financial assets | | 3,323,259 | 551,834 |
| TOTAL NON-CURRENT ASSETS | | 815,853,217 | 700,300,264 |
| CURRENT ASSETS | | | |
| Investments in equity instruments at fair value through profit or loss | 9 | 339,399,028 | 648,804,378 |
| Prepayments and other current assets | | 381,661 | 290,243 |
| Cash and cash equivalents | 10 | 38,694,858 | 7,434,970 |
| TOTAL CURRENT ASSETS | | 378,475,547 | 656,529,591 |
| TOTAL ASSETS | | 1,194,328,764 | 1,356,829,855 |
| SHAREHOLDERS' EQUITY AND LIABILITIES | | | |
| SHAREHOLDERS' EQUITY | | | |
| Capital | 11 | 600,000,000 | 600,000,000 |
| Treasury shares | 12 | (30,665,894) | (30,665,894) |
| Reserves | 13 | 150,000,000 | 150,000,000 |
| General reserve | 14 | 43,011,892 | 43,011,892 |
| Retained earnings | | 252,962,548 | 480,403,849 |
| Actuarial reserve | | (1,366,526) | (1,210,331) |
| Fair value reserve | 8 | (2,954,473) | (10,831,727) |
| TOTAL SHAREHOLDER'S EQUITY | | 1,010,987,547 | 1,230,707,789 |
| NON-CURRENT LIABILITIES | | | |
| Employee defined benefits obligations | 15 | 2,741,595 | 2,264,006 |
| TOTAL NON-CURRENT LIABILITIES | | 2,741,595 | 2,264,006 |
| CURRENT LIABILITIES | | | |
| Accrued expenses and other current liabilities | 16 | 12,397,619 | 6,303,500 |
| Short-term loans | 17 | 161,980,938 | 103,251,452 |
| Zakat Provision | 18 | 6,221,065 | 14,303,108 |
| TOTAL CURRENT LIABILITIES | | 180,599,622 | 123,858,060 |
| TOTAL LIABILITIES | | 183,341,217 | 126,122,066 |
| TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES | | 1,194,328,764 | 1,356,829,855 |

Muhannad Mustafa Al-Ashqar
Chief Financial Officer



Khalid bin Saeed Abu Khadra
Chief Executive Officer



Abdullah Mohammed AlHomaidhi
Chairman of Board of Directors



The accompanying notes from 1 to 28 form an integral part of these consolidated financial statements.

SAUDI ADVANCED INDUSTRIES COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2025

| | <i>Note</i> | 2025 س | 2024 س |
|--|-------------|----------------------|------------------|
| (Losses) revenue from investments | 19 | (123,451,429) | 342,437,508 |
| EXPENSES | | | |
| General and administrative expenses | 20 | (22,881,342) | (26,877,467) |
| (LOSS) PROFIT FROM OPERATIONS | | (146,332,771) | 315,560,041 |
| Finance costs | | (10,030,386) | (7,067,890) |
| Other Income, net | | 199,270 | 999,309 |
| (LOSS) PROFIT BEFORE ZAKAT | | (156,163,887) | 309,491,460 |
| Zakat | 18 | (6,344,564) | (14,427,514) |
| NET (LOSS) PROFIT FOR THE YEAR | | (162,508,451) | 295,063,946 |
| OTHER COMPREHENSIVE INCOME (LOSS): | | | |
| Items that will not be subsequently reclassified to profit or loss | | | |
| Change in investments in equity instruments at fair value through other comprehensive income | 8 | 2,636,627 | (983,085) |
| Remeasurement losses on employee defined benefit obligations | 15 | (156,195) | (156,563) |
| Items that maybe reclassified subsequently to profit or loss | | | |
| Share of other comprehensive (loss) income items of associates | 7 | (692,223) | 374,625 |
| TOTAL OTHER COMPREHENSIVE INCOME (LOSS) | | 1,788,209 | (765,023) |
| TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE YEAR | | (160,720,242) | 294,298,923 |
| (LOSS) EARNINGS PER SHARE | | | |
| (Loss) earnings per share of net (loss) profit for the year | 21 | (2.75) | 5.00 |



Muhannad Mustafa Al-Ashqar
Chief Financial Officer



Khalid bin Saeed Abu Khadra
Chief Executive Officer



Abdullah Mohammed AlHomaidhi
Chairman of Board of Directors

The accompanying notes from 1 to 28 form an integral part of these consolidated financial statements.

SAUDI ADVANCED INDUSTRIES COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2025

| | 2025 ؄ | 2024 ؄ |
|--|--------------------|---------------------|
| OPERATING ACTIVITIES | | |
| (Loss) profit before zakat | (156,163,887) | 309,491,460 |
| Adjustments for: | | |
| Depreciation of property and equipment | 1,107,146 | 743,813 |
| Company's share of profit in associates | (10,103,341) | (8,268,492) |
| Unrealized losses (gains) from investments in equity instruments at fair value through profit or loss | 187,346,962 | (174,693,145) |
| Current service cost of employee defined benefit obligations and related financial charges – component | 482,003 | 343,440 |
| Finance costs | 10,030,386 | 7,067,890 |
| Losses (gains) on disposal of property and equipment | 43,500 | (693,472) |
| Gain on sale of interest in an associate | (28,127,330) | (98,752,582) |
| Realized gains from sale of investments in equity instruments at fair value through profit or loss | (8,384,475) | (49,426,401) |
| Zakat refunded | - | (1,072,993) |
| | (3,769,036) | (15,260,482) |
| Changes in operating assets and liabilities: | | |
| Prepayments and other receivables | (91,418) | (70,443) |
| Other financial assets | (2,771,425) | 480,275 |
| Accrued expenses and other payables | 6,094,119 | 2,252,517 |
| Cash used in operations | (537,760) | (12,598,133) |
| Dividends from investments in associates | 4,774,235 | 23,574,552 |
| Purchase of investments in equity instruments at FVPL | (715,393,795) | (1,602,424,234) |
| Proceeds from the sale of investments in equity instruments at FVPL | 705,623,685 | 1,492,888,576 |
| Proceeds from the sale of investments in associates | 58,596,538 | 207,692,167 |
| Purchase of investments in equity instruments at FVOCI | (627,528) | (680,275) |
| Proceeds from the sale of investments in equity instruments at FVOCI | 3,660,082 | 1,151,946 |
| Employees defined benefits obligations paid | (160,609) | (152,064) |
| Zakat paid | (14,426,607) | (9,139,635) |
| Short-term loan financing costs paid | (11,300,900) | (7,000,000) |
| Net cash from operating activities | 30,207,341 | 93,312,900 |
| INVESTING ACTIVITIES | | |
| Additions to property and equipment | (418,526) | (17,554,440) |
| Proceeds from the sale of property and equipment | 471,073 | 845,545 |
| Net cash from (used in) investing activities | 52,547 | (16,708,895) |

The accompanying notes from 1 to 28 form an integral part of these consolidated financial statements.

SAUDI ADVANCED INDUSTRIES COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended 31 December 2025

| | 2025 س | 2024 س |
|---|----------------------|---------------|
| FINANCING ACTIVITIES | | |
| Due to related parties | - | (12,246,559) |
| Dividends paid | (59,000,000) | (59,000,000) |
| Proceeds from short-term loans | 160,000,000 | 100,000,000 |
| Payments of short-term loans | (100,000,000) | (100,000,000) |
| Net cash from (used in) financing activities | 1,000,000 | (71,246,559) |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | | |
| Cash and cash equivalent at the beginning of the year | 7,434,970 | 2,077,524 |
| CASH AND CASH EQUIVALENTS AT END OF THE YEAR | 38,694,858 | 7,434,970 |
| NON-CASH TRANSACTIONS: | | |
| Change in fair value reserve investments in equity instruments at FVOCI | 2,636,627 | (983,085) |
| Share of other comprehensive loss of associates | (692,223) | 374,625 |
| Transferred from fair value reserve retained earnings resulting from the sale of investments in equity instruments at FVOCI | 5,240,627 | 157,479 |



Muhannad Mustafa Al-Ashqar
Chief Financial Officer



Khalid bin Saeed Abu Khadra
Chief Executive Officer



Abdullah Mohammed AlHomaidhi
Chairman of Board of Directors

The accompanying notes from 1 to 28 form an integral part of these consolidated financial statements.

SAUDI ADVANCED INDUSTRIES COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1- GENERAL INFORMATION

Saudi Advanced Industries Company is a Saudi Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia, under Commercial Registration No. 1010068321, issued on 24 Jumada Al-Awwal 1408 H (corresponding to 13 January 1988).

The Company's activities include management of subsidiaries and investing the funds of these subsidiaries.

The Company's registered address is Prince Saud bin Abdullah bin Jalawi Street – Al- Aridh District – Riyadh – Kingdom of Saudi Arabia.

The consolidated financial statements include the accounts of Saudi Advanced Industries Company and the Company it directly owns ("the Group").

| <u>Affiliated Company</u> | <u>Incorporation country</u> | <u>Legal form</u> | <u>Actual ownership percentage</u> |
|--|------------------------------|---------------------------|------------------------------------|
| United permanent growth investment Company | Kingdom of Saudi Arabia | Limited liability Company | 100% |

United Permanent Growth Investment Company (the "Company") is a one-person Company with limited liability, incorporated in the Kingdom of Saudi Arabia under Commercial Registration No. 1010887301 issued in Riyadh on 19/11/1444H (corresponding to 08/06/2023).

The authorized capital amounted to 5,000,000 ﷲ, and the Company's principal activity is investing in the shares of other companies.

2- BASIS OF PREPARATION

2-1 Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") that are endorsed in the Kingdom of Saudi Arabia ("KSA") and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA"), (collectively referred to as "IFRS as endorsed in KSA").

2-1 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for investments in equity instruments held at fair value through profit or loss and investments in equity instruments held at fair value through other comprehensive income which are measured at fair value in addition to employees' end of service benefits, which are measured using the Projected Unit Credit Method.

2-3 Functional and presentation currency

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

2-4 New and amended standards and interpretations

The Company has applied for the first time the following standards and amendments which are effective from or before 1 January 2025 and have no impact on the Company's financial statements:

- Amendments to IAS 21: Lack of Exchangeability between a Currency and a Foreign Currency.

SAUDI ADVANCED INDUSTRIES COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

31 December 2025

2- BASIS OF PREPARATION (continued)

2-5 Standards issued but not yet effective

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; however, the Company has not early adopted them in preparing these consolidated financial statements. The Company is currently evaluating the impact of the adoption of these standards on the consolidated financial statements.

| Standard, Amendment or Interpretation | Effective Date |
|--|-----------------------|
| • <i>Amendments to IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments</i> | 1 January 2026 |
| • <i>Annual Improvements on the International Financial Reporting Standards (IFRS) - Volume 11</i> | 1 January 2026 |
| • <i>Amendments to IFRS 9 and IFRS 7 – Power Purchase Agreements</i> | 1 January 2026 |
| • <i>IFRS 18: 'Presentation and Disclosure in Financial Statements' issued – in place of IAS 1: Presentation of Financial Statements</i> | 1 January 2027 |
| • <i>IFRS 19: Subsidiaries without Public Accountability</i> | 1 January 2027 |
| • <i>Amendments to IFRS 10 and IAS 28: Sale of or Contribution of Assets between an Investor and its Associate or Joint Venture.</i> | Not dated yet |

3- BASIS OF CONSOLIDATION

The consolidated financial statements comprise the consolidated financial statements of the Company and its subsidiary (collectively referred to as the ("Group")) as at 31 December 2025. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In particular, the Group controls an investee only when the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control.

Assets, liabilities, income, and expenses of the subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control them.

SAUDI ADVANCED INDUSTRIES COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

31 December 2025

3- BASIS OF CONSOLIDATION (continued)

Profit or loss and each component of other comprehensive income (OCI) are attributed to the shareholders of the parent Company of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. Where necessary, adjustments are made to the consolidated financial statements of subsidiaries to bring their accounting policies in line with those of the Group. All intra-Group assets and liabilities, equity, income, expenses, and cash flows relating to transactions between Group companies are eliminated in full consolidation. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the related assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying value of any non-controlling interests;
- Recognizes the consideration received at fair value;
- Recognizes any investment retained at fair value;
- Recognizes any surplus or deficit in profit or loss.

Reclassifying shareholders' share of items previously recognized in other consolidated comprehensive income to profit or loss or retained earnings, as appropriate, and as would be required if the Group had directly disposed of the related assets or liabilities.

4- SIGNIFICANT ACCOUNTING JUDGMENTS, ASSUMPTIONS AND ESTIMATES

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including future expectations.

4-1 Key sources of estimation uncertainty

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below.

Estimated useful lives of property and equipment

The useful life of each item of the Group's property and equipment is estimated based on the number of years the asset is expected to be available for use. This estimate relies on a collective assessment of practices in similar businesses, internal technical evaluation, and prior experience with comparable assets. At each reporting date, the estimated useful life of property and equipment is reviewed and updated if expectations differ from previous estimates due to normal depreciation and amortization, technical or commercial obsolescence, or legal and other restrictions on the use of the asset nevertheless, future operating results may be materially affected by changes in estimates arising from shifts in the factors mentioned above. The amounts and timing of expenses recorded in any given period may also be impacted by changes in these factors and circumstances.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit 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 is 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 off the asset. The value in use calculation is based on a Discounted Cash Flow ("DCF") model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the Cash Generating Unit ("CGU") being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

4- SIGNIFICANT ACCOUNTING JUDGMENTS, ASSUMPTIONS AND ESTIMATES (continued)

4-1 Key sources of estimation uncertainty (continued)

Fair value measurement

Management uses valuation techniques to determine the fair value of financial instruments when active market prices are not available. This involves making estimates and assumptions consistent with the way market participants would price the financial instrument. Management relies its assumptions on observable data whenever possible, though this is not always available. In such cases, management uses the best information available to it. The estimated fair values may differ from the actual prices that could be realized in a purely commercial transaction at the reporting date.

Employees end-of-service benefits obligations

The cost of employee end-of-service benefit obligations and the present value of the liability are determined using actuarial valuations. The actuarial valuation involves setting multiple assumptions that may differ from actual future developments. These assumptions include determining the discount rate, future salary increases, mortality rates, employee turnover and retirement patterns. Due to the complexities involved in the valuation and its long-term nature, the defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at the financial reporting date.

The discount rate is considered the most changeable factor. In determining the appropriate discount rate, management takes into account that market returns are based on high-quality government corporate bonds. Mortality rates are determined using publicly available mortality tables in the relevant countries. These tables are subject to change only from time to time in line with demographic shifts. Future salary increases are determined based on expected future inflation rates in the relevant countries.

Provisions

By their nature, provisions rely on estimates and assessments to determine whether recognition criteria have been met, including the estimation of the probability of outflows of cash. Management's estimates regarding provisions related to environmental matters are based on cost assessments, taking into account legal advice and other currently available information. They also include exit costs, if any, together with management's judgment in estimating the expected cash outflows for site closure payments or other exit costs. Provisions for contracts whose costs exceed their benefits, or for uncertain obligations, are based on management's best estimate of whether cash outflows are probable.

Going concern

These consolidated financial statements have been prepared on a going concern basis. The Group's management has conducted an assessment of the Group's ability to continue to as going concern and the opinion that the Group has sufficient resources to continue to operate in the future. Furthermore, Management is not aware of any material uncertainty that would cast doubt on the Group's ability to continue as going concern.

5- MATERIAL ACCOUNTING POLICIES

The following are the accounting policies applied in the preparation of these consolidated financial statements:

Current versus non-current classification

The Group presents assets and liabilities in the statement of consolidated financial position based on their current/non-current classification. An asset is current when:

- a) it expects to realize the asset, or intends to sell or consume it, in the Group's normal operating cycle;
- b) it holds the asset primarily for the purpose of trading;
- c) it expects to realize the asset within twelve months after the reporting date; or
- d) the asset is bank balances unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date

The Group shall classify all other assets as non-current. When the Group normal operating cycle is not clearly identifiable, its duration is assumed to be twelve months.

SAUDI ADVANCED INDUSTRIES COMPANY
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

31 December 2025

5- MATERIAL ACCOUNTING POLICIES (continued)

Current versus non-current classification (continued)

The Group classifies a liability as current when:

- a) it expects to settle the liability in the Group's normal operating cycle;
- b) it holds the liability primarily for the purpose of trading;
- c) the liability is due to be settled within twelve months after the reporting date; or
- d) the entity does not have unconditional right to defer settlement of the liability for at least twelve months after reporting date .

The Group classifies all other liabilities as non-current liabilities.

Financial instruments

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI), or fair value through profit or loss (FVTPL). The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing it .

Initial recognition and measurement

Financial assets and financial liabilities are initially measured at fair value. Upon initial recognition, transaction costs relating directly to the acquisition or issuance of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets and financial liabilities, as appropriate. Transaction costs directly related to the acquisition of financial assets measured at fair value through profit or loss are recognized directly in the consolidated statement of profit or loss and other comprehensive income

Financial assets

The Group has the following financial assets:

Investments in equity instruments measured at fair value through other comprehensive income (equity instruments)

Upon initial recognition, the Group may make an irrevocable election to classify its investments in equity instruments at fair value through other comprehensive income (FVOCI), provided that these instruments meet the definition of equity and are not held for trading. This classification is determined on an instrument-by-instrument basis.

Gains or losses arising from these financial investments are never reclassified to profit or loss. Dividends are recognized as other income in the consolidated statement of profit or loss and other comprehensive income when the Group's right to receive payment is established, unless the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case such gains are recognized in other comprehensive income. Equity instruments designated at FVOCI are not subject to impairment assessment. The Group has irrevocably elected to classify its investments in unlisted equity instruments under this category.

Investments in equity instruments measured at fair value through profit or loss (equity instruments):

Investments in financial instruments at fair value through profit or loss (FVTPL) include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets that are required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives are also classified as held for trading.

Financial assets with cash flows that are not solely payments of principal and interest are measured at fair value through profit or loss regardless of the business model. Notwithstanding the criteria for classifying debt instruments at amortized cost or at fair value through other comprehensive income, as described above, debt instruments may be designated at fair value through profit or loss upon initial recognition if doing so eliminates or significantly reduces an accounting mismatch.

Financial assets measured at fair value through profit or loss are recognized in the consolidated statement of financial position at fair value, with net changes in fair value recognized in the consolidated statement of profit or loss and other comprehensive income.

SAUDI ADVANCED INDUSTRIES COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

31 December 2025

5- MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Investments in equity instruments measured at fair value through profit or loss (equity instruments) (continued):

This category includes investments in equity instruments that the Group has not irrevocably elected to classify at fair value through other comprehensive income.

Financial assets at amortized cost:

This category includes other current assets. The Group's financial assets are carried at amortized cost only. Financial assets are measured at amortized cost only if the following two conditions are met and are not included at FVTPL:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise, on specified dates, to cash flows that represent "Solely Payments of Principal and Interest" on the principal amount outstanding (the SPPI criterion).

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss in the consolidated statement of profit or loss and other comprehensive income when the asset is derecognized, modified or impaired.

Reclassification

Financial assets are not reclassified after initial recognition, except for the period following a change in the business model for managing financial assets.

Impairment of financial assets

The Group's financial assets consist mainly of investments in equity instruments classified either at fair value through profit or loss or at fair value through other comprehensive income. These are measured at fair value at each financial reporting date, with changes in value recognized in profit or loss or in other comprehensive income depending on their classification. Accordingly, they are not subject to the expected credit loss model under IFRS 9. At each reporting date, the Group has no other material financial assets subject to the expected credit loss model.

Derecognition of financial assets

The Group derecognizes financial assets only when the rights to receive cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership, nor transfers control of the asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it would have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset.

When a financial asset measured at amortized cost is derecognized, the difference between the asset's carrying amount and the amount of consideration received or receivable is recognized in the consolidated statement of profit or loss and other comprehensive income.

Financial liabilities

The Group classifies its financial liabilities as measured at amortized cost or fair value through profit or loss. Financial liabilities at initial recognition are classified at fair value through profit or loss if they are classified as financial liabilities acquired for trading, as derivatives or allocated as such upon initial recognition.

The Group's financial liabilities consist of trade payables, other current liabilities, and short-term loans.

Subsequent measurement for financial liabilities

All liabilities of the Group are measured at amortized cost.

SAUDI ADVANCED INDUSTRIES COMPANY
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

31 December 2025

5- MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities (continued)

Derecognition of financial liabilities

Financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit and loss in the consolidated statement of profit or loss and other comprehensive income.

Off-set of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. This cost includes the cost of replacing parts of property and equipment, as well as borrowing costs directly attributable to long-term construction projects (qualifying assets), provided that the recognition criteria are satisfied. When these assets are created internally, their cost includes all the amounts necessary to bring the asset to its current state and location to be ready for its intended use by the Group. This excludes all other costs such as general and administrative expenses and training costs. Any costs for the business case are charged to expenses as incurred unless they relate to a specific asset that is created internally and directly attributable to it.

The Group adds to the carrying amount of an item of property and equipment the cost of replacing parts of that item when the cost is incurred if the replacement part is expected to generate additional future benefits to the Group; and the carrying amount of the replaced part is derecognized. All other repair and maintenance expenses are charged directly to profit or loss in the consolidated statement of comprehensive income and loss during the period in which they are incurred.

Depreciation

Depreciation of assets is charged to allocate the cost of the assets, net of their estimated residual value, over their estimated useful lives using the straight-line method.

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are recognized in profit or loss in the consolidated statement of profit or loss and other comprehensive income. Major spare parts are eligible for recognition as plant and equipment when the Group expects to use them for more than one year. Transfers are made to the relevant operating assets category when these items are available for use.

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets as follows. Capital projects in progress are shown at cost and are not depreciated.

Property, Plant and Equipment

Category

Useful Lives

| | |
|------------------------|-----------|
| Vehicles | 4 years |
| Office furniture | 6–7 years |
| Office equipment | 6–7 years |
| Computer hardware | 3 years |
| Leasehold improvements | 6–7 years |
| Buildings | 20 years |

SAUDI ADVANCED INDUSTRIES COMPANY
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

31 December 2025

5- MATERIAL ACCOUNTING POLICIES (continued)

Property and equipment (continued)

Residual values, useful lives and depreciation methods for assets are reviewed and adjusted prospectively, if appropriate, at the end of each financial period. Any item of property and equipment and any significant portion thereof that is initially recognized shall be derecognized when it is retired or when there are no expected future benefits from its use. Any gains or losses arising from the derecognition of the asset (which are calculated as the difference between the net disposal proceeds and the carrying amount of the asset) are recognized in profit or loss in the consolidated statement of profit or loss and other comprehensive income.

Projects in progress

The cost of projects in progress is calculated based on actual cost and is shown as projects in progress until work is completed and the project is received by the contractor. The cost is then transferred to various items within property, plant, and equipment, and depreciated.

Investments in associate companies

An associate is an entity over which the Company has significant influence. Significant influence is the ability to participate in the financial and operating policy decisions of the investee but is neither control nor joint control over those policies.

The considerations used to determine whether significant influence exists are similar to those necessary to determine control over an entity. The Company's investments in an associate are accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Company's share of the net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The consolidated statement of profit or loss and other comprehensive income reflects the Company's share of the results of operations of the associate. Any change in other comprehensive income of the investee is presented as part of the Company's other comprehensive income. In addition, when the associate records a change directly in equity, the Company recognizes its share of such changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Company and the associate are eliminated to the extent of the Company's interest in the associate.

The financial statements of the associate are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

If the associate's losses equal or exceed the Company's interest in the associate, the Company discontinues recognizing its share of further losses. After the investment is reduced to zero, additional losses are provided for, and a liability is recognized only to the extent that the Company has incurred legal or constructive obligations to support the associate.

When significant influence over an associate is lost, the Company measures and recognizes any retained investment at its fair value. The difference between the carrying amount of the associate at the date significant influence is lost and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

SAUDI ADVANCED INDUSTRIES COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

31 December 2025

5- MATERIAL ACCOUNTING POLICIES (continued)

Impairment of non-financial assets

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-zakat discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The Company's impairment calculation is based on the detailed budget and forecast calculations which are prepared separately for each of the Group CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a five-year period. For longer periods, a long-term growth rate is calculated and applied to projected future cashflows after the budget period.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior years. A reversal of an impairment loss is recognized immediately in the consolidated statement of comprehensive income.

Fair value measurement

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

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

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

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities; that can be obtained at the measurement date;

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly (such as prices) or indirectly observable;

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

SAUDI ADVANCED INDUSTRIES COMPANY
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

31 December 2025

5- MATERIAL ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

For assets and liabilities that are recognized in the consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. The Group determines the policies and procedures for both recurring fair value measurement and for non-recurring measurement.

At each reporting date, the Group analyses the movements in the values of assets and liabilities, which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the Company verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. The Group also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable for the purpose of fair value disclosures. The Group has determined classes of assets and liabilities on the basis of nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as described above.

Employees benefits

Short-term employees' benefits

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave and air tickets, that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service. The liability is recognized at the undiscounted amount of the benefits expected to be paid in respect of those services.

Employees defined benefits obligations

The employees' defined benefits liability is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. Re-measurements, comprising actuarial gains and losses, are reflected immediately in the consolidated statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Re-measurements recognized in other comprehensive income are reflected immediately in retained earnings and will not be reclassified to the consolidated statement of profit or loss and other comprehensive income in subsequent periods.

Changes in the present value of the defined benefits obligation resulting from plan amendments or curtailments are recognized immediately in the statement of profit or loss and other comprehensive income as past service costs. Interest is calculated by applying the discount rate at the beginning of the period to the net defined benefits liability or asset.

Defined benefit assets or liabilities consist of the present value of defined benefit liabilities, less past service costs and the present value of program assets from which the liabilities must be paid. At present, the program is not funded and has no assets.

Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that the use of resources involving economic benefits will be required to settle the obligation, so that the amount of the obligation can be reliably estimated. Where the Company expects to recover part or all of a provision, for example under an insurance contract, amounts recovered are recognized as a separate asset only when the recovery is actually certain. The expense relating to a provision is presented in the consolidated statement of profit or loss and other comprehensive income, net of any recoveries. 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 liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

SAUDI ADVANCED INDUSTRIES COMPANY
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

31 December 2025

5- MATERIAL ACCOUNTING POLICIES (continued)

Zakat and Withholding Tax

Zakat

The Group is subjected to zakat in accordance with the Zakat, Tax and Customs Authority's Regulations ("ZATCA"). A provision of Zakat shall be charged to the consolidated statement of profit or loss and other comprehensive income. at the finalization of assessments, are accounted for when such amounts are determined in accordance with the requirements of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" endorsed in the Kingdom of Saudi Arabia.

Withholding Tax

The Group withholds tax on transactions with non-resident parties in accordance with the regulations of the Zakat, Tax and Customs Authority. Such withholding tax is not recognized as an expense, as it represents obligations of the counterparty for whom the amounts are withheld on their behalf.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances with banks, short-term highly liquid deposits, as well as cash balances held within managed investment portfolios, which are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

Other revenues

Other revenues are recognized on an accrual basis.

General and administrative expenses

These expenses relate to operating expenses that are not directly related to the production or sale of any goods or services. They also include allocations for general indirect expenses not specifically attributable to cost of sales or selling and marketing expenses. Indirect expenses are allocated to cost of sales, selling and marketing expenses, and general and administrative expenses, where applicable, on a consistent basis based on pre-determined rates as appropriate by the Group.

Foreign currency transactions

Transactions in foreign currencies are translated into Saudi Riyals (ﷲ) using the prevailing exchange rates when those transactions occur. Monetary assets and liabilities denominated in foreign currencies are translated into Saudi riyals using the prevailing exchange rates at the reporting date. Non-monetary assets and liabilities measured at fair value in a foreign currency are translated into the functional currency using exchange rates at the date when the fair value is determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of the transaction. Gains and losses resulting from the changes in exchange rates are recognized in the consolidated statement of profit or loss and other comprehensive income.

Earnings per share

The Group presents basic and diluted earnings per share, if applicable, for its ordinary shares. Basic and diluted earnings per share are calculated by dividing profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial year. Since the Group has not issued any potential ordinary shares, basic and diluted earnings per share are the same.

Dividends

Dividends are recognized as liabilities in accordance with the resolution of the General Assembly or the Board of Directors, as the case may be, and in line with the requirements of the Company's Articles of Association.

SAUDI ADVANCED INDUSTRIES COMPANY
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

31 December 2025

5- MATERIAL ACCOUNTING POLICIES (continued)

Segment information

The Group reviews its performance and makes resource allocation decisions at the level of a single operating unit. All of the Group's operations share similar economic characteristics and operate in a single market environment, which means they constitute one operating segment. Accordingly, no separate segment information is presented in these consolidated financial statements, as there are no multiple operating segments requiring disclosure.

Related parties

Related parties are defined as any party that has a relationship with the Group enabling it, directly or indirectly, to exercise control or significant influence over the Group. This includes major shareholders, associates, joint ventures, executives (including the Board of Directors, its subcommittees, and senior executive management), as well as entities controlled or significantly influenced by such parties.

Related party transactions are recognized when they occur and measured based on the agreed consideration in accordance with their contractual terms.

The Group discloses the nature of relationships, the value of transactions, outstanding balances, and related terms when they have a material impact on financial statements, including key management compensation.

SAUDI ADVANCED INDUSTRIES COMPANY
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

31 December 2025

6- PROPERTY AND EQUIPMENT

| | Vehicles ١٤ | Office furniture ١٤ | Office equipment ١٤ | Computers ١٤ | Buildings improvements ١٤ | Buildings ١٤ | Lands ١٤ | Projects in progress ١٤ | Total ١٤ |
|--|----------------|---------------------------|---------------------------|-----------------|---------------------------------|------------------|------------------|-------------------------------|-------------------|
| Cost: | | | | | | | | | |
| At 1 January 2024 | 927,125 | 229,746 | 113,385 | 301,997 | 515,038 | - | - | - | 2,087,291 |
| Additions | - | 267,341 | - | 69,489 | - | 4,560,387 | 8,428,626 | 4,228,597 | 17,554,440 |
| Disposals | - | (223,374) | (43,819) | (63,314) | (515,038) | - | - | - | (845,545) |
| At 31 December 2024 | 927,125 | 273,713 | 69,566 | 308,172 | - | 4,560,387 | 8,428,626 | 4,228,597 | 18,796,186 |
| Additions | - | 3,033 | 31,393 | 4,600 | - | - | - | 379,500 | 418,526 |
| Transferred from projects in progress | - | 778,888 | 17,082 | - | 3,754,054 | - | - | (4,550,024) | - |
| Disposals | (830,000) | - | - | - | - | - | - | (58,073) | (888,073) |
| At 31 December 2025 | 97,125 | 1,055,634 | 118,041 | 312,772 | 3,754,054 | 4,560,387 | 8,428,626 | - | 18,326,639 |
| Accumulated Depreciation | | | | | | | | | |
| At 1 January 2024 | 174,894 | 161,279 | 77,407 | 233,176 | 386,785 | - | - | - | 1,033,541 |
| Charged for the year | 227,511 | 22,492 | 9,528 | 51,815 | 31,205 | 401,262 | - | - | 743,813 |
| Disposals | - | (172,179) | (42,654) | (60,649) | (417,990) | - | - | - | (693,472) |
| At 31 December 2024 | 402,405 | 11,592 | 44,281 | 224,342 | - | 401,262 | - | - | 1,083,882 |
| Charged for the year | 68,219 | 141,165 | 12,955 | 47,054 | 400,750 | 437,003 | - | - | 1,107,146 |
| Disposals | (373,500) | - | - | - | - | - | - | - | (373,500) |
| At 31 December 2025 | 97,124 | 152,757 | 57,236 | 271,396 | 400,750 | 838,265 | - | - | 1,817,528 |
| Net Book Value | | | | | | | | | |
| As at 31 December 2025 | 1 | 902,877 | 60,805 | 41,376 | 3,353,304 | 3,722,122 | 8,428,626 | - | 16,509,111 |
| As at 31 December 2024 | 524,720 | 262,121 | 25,285 | 83,830 | - | 4,159,125 | 8,428,626 | 4,228,597 | 17,712,304 |

Depreciation expense of property and equipment has been included in general and administrative expenses in the consolidated statement of profit or loss and other comprehensive income.

SAUDI ADVANCED INDUSTRIES COMPANY
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

31 December 2025

7- INVESTMENTS IN ASSOCIATES

Investments in associates consist of the following:

| Name | Ownership percentage (%) | Number of shares | 2025 | Ownership percentage (%) | Number of shares | 2024 |
|---|--------------------------------|---------------------|--------------------|--------------------------------|---------------------|--------------------|
| Masar Alnumou Finance Company (formerly Deutsche Gulf Finance) | 31.62% | 18,181,818 | 280,099,572 | 31.62% | 18,181,818 | 274,181,968 |
| Al-Obeikan Glass Company* | 14.91% | 4,772,735 | 94,800,641 | 19.72% | 6,310,119 | 126,550,570 |
| | | | <u>374,900,213</u> | | | <u>400,732,538</u> |

* Ownership in Al-Obeikan Glass Company as at December 31, 2025, the Group's ownership in Al-Obeikan Glass Company is divided into 11.875% held by Saudi Advanced Industries Company and 3.04% held by United Permanent Growth Investment Company (a subsidiary). Despite the decrease in the Group's ownership percentage during the period, the Group continues to have significant influence over Al-Obeikan Glass Company through its representation on the Board of Directors and participation in key financial and operational decisions. Accordingly, the investment is still accounted for using the equity method.

Summary of movements in Investments in Associates

| | 2025 ﷲ | 2024 ﷲ |
|---|--------------------|--------------------|
| Balance at beginning of the year | 400,732,538 | 524,603,558 |
| Dividends | (4,774,235) | (23,574,552) |
| Share of results of associates | 10,103,341 | 8,268,492 |
| Disposal of sold share in investments in associates | (30,469,208) | (108,939,585) |
| Share in other comprehensive (loss) income of investments in associates | (692,223) | 374,625 |
| Balance at end of the year | <u>374,900,213</u> | <u>400,732,538</u> |

During the year ended 31 December 2025, the Group sold 1,537,384 shares of Al-Obeikan Glass Company for an amount of 58,596,538 ﷲ, realizing a gain of 28,127,330 ﷲ. During the year ended 31 December 2024, the Group sold shares of Al-Obeikan Glass Company for an amount of 207,692,167 ﷲ, realizing a gain of 98,752,582 ﷲ.

SAUDI ADVANCED INDUSTRIES COMPANY
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

31 December 2025

8- INVESTMENTS IN ASSOCIATES (continued)

The following is a summary of the financial information of investments accounted for using the equity method. The financial information presented below represents the amounts disclosed in the consolidated financial statements of the investee companies accounted for under the equity method, prepared in accordance with the International Financial Reporting Standards (“IFRS”) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

| As at 31 December 2025 | Al-Obeikan Glass Company | Masar Alnumou Finance Company (formerly Deutsche Gulf Finance) |
|---|-------------------------------------|---|
| Total assets | 963,625,341 | 2,561,425,731 |
| Total liabilities | 379,430,133 | 1,830,313,201 |
| Equity | 584,195,208 | 731,112,530 |
| Group’s share | 87,131,529 | 231,177,782 |
| Carrying amount | 94,800,641 | 280,099,572 |
| Revenue | 354,673,673 | 284,578,298 |
| Net profit | 64,022,860 | 18,874,963 |
| Other comprehensive income | 2,924,129 | (160,211) |
| Total comprehensive income | 66,946,989 | 18,714,752 |
| Share of total comprehensive income | 9,985,007 | 5,917,605 |
| Adjustments to the group’s share in the associate | (6,491,494) | - |
| Group’s share as at 31 December 2025 of total comprehensive income | 3,493,513 | 5,917,605 |
| As at 31 December 2024 | Al-Obeikan Glass Company | Masar Alnumou Finance Company (formerly Deutsche Gulf Finance) |
| Total assets | 735,472,772 | 2,523,706,348 |
| Total liabilities | 144,468,943 | 1,811,308,570 |
| Equity | 591,003,829 | 712,397,778 |
| Group’s share | 116,540,765 | 225,260,177 |
| Carrying amount | 126,550,570 | 274,181,968 |
| Revenue | 327,114,634 | 268,432,992 |
| Net profit | 28,772,584 | 8,206,165 |
| Other comprehensive income | 3,625,965 | (1,076,481) |
| Total comprehensive income | 32,398,549 | 7,129,684 |
| Group’s share as at 31 December 2024 of total comprehensive income | 6,388,711 | 2,254,406 |

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9- INVESTMENTS IN EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in equity instruments at fair value through other comprehensive income consist of the Group's investment in private equity fund units and shares of companies listed on the Saudi Stock Exchange as follows:

| | 2025 ﷲ | 2024 ﷲ |
|--|-------------------|-------------------|
| Financial instruments at fair value – listed companies shares | 4,923,895 | 6,530,577 |
| Financial instruments at fair value – investment in fund units | 5,332,936 | 4,122,181 |
| | <u>10,256,831</u> | <u>10,652,758</u> |

Details of these investments are as follows:

| | Cost ﷲ | Fair value ﷲ |
|------------------------------|-------------------|-------------------|
| 31 December 2025 | | |
| Leen Al Khair for Trading | 8,697,096 | 4,923,895 |
| Hala Venture Fund | 1,743,431 | 2,735,600 |
| Graven Venture Fund | 1,793,975 | 1,734,299 |
| Derayah Global Venture Fund | 976,802 | 863,037 |
| At the end of the year | <u>13,211,304</u> | <u>10,256,831</u> |
| 31 December 2024 | | |
| Leen Al Khair for Trading | 8,917,805 | 6,530,577 |
| Hala Venture Fund | 1,673,523 | 1,986,044 |
| Graven Venture Fund | 1,486,222 | 1,465,899 |
| Derayah Global Venture Fund | 726,935 | 670,238 |
| Al Obeikan EGC Glass Company | 8,680,000 | - |
| At the end of the year | <u>21,484,485</u> | <u>10,652,758</u> |

The following presents the movement in investments in equity instruments measured at fair value through other comprehensive income and the related changes in the fair value reserve:

| | 2025 ﷲ | 2024 ﷲ |
|--|--------------------|---------------------|
| Balance at beginning of the year | 21,484,485 | 22,113,635 |
| Additions | 627,528 | 680,275 |
| Disposals during the year | (8,900,709) | (1,309,425) |
| | <u>13,211,304</u> | <u>21,484,485</u> |
| Fair value reserve as at 1 January | (10,831,727) | (1,326,121) |
| Change in fair value reserve | 2,636,627 | (983,085) |
| Transferred from fair value reserve due to disposal of investments in equity instruments measured at fair value through other comprehensive income | 5,240,627 | 157,479 |
| Fair value reserve adjustments* | - | (8,680,000) |
| Fair value reserve as at 31 December | <u>(2,954,473)</u> | <u>(10,831,727)</u> |
| Balance at end of the year | <u>10,256,831</u> | <u>10,652,758</u> |

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8- INVESTMENTS IN EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (continued)

*During the year ended 31 December 2018, the Group's Board of Directors, due to accumulated losses in Al Obeikan AGC Glass Company exceeding 100% of its share capital, resolved to recognize an impairment provision against the investment balance. The impairment provision was reclassified to the fair value reserve, which had been established in prior periods.

During the year ended 31 December 2025, the Group sold its entire shareholding in Al Obeikan AGC Glass Company, resulting in a gain of 3,505,495 ٴ after reversing the impairment provision.

Dividends received from investments in equity instruments measured at fair value through other comprehensive income as of 31 December 2025 amounted to 23,042 ٴ (2024: nil).

9- INVESTMENTS IN EQUITY INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

The investments in equity instruments at fair value through profit or loss are the Group's investments in units of private investment funds, shares of companies listed on the Saudi Stock Exchange, and shares of unlisted companies, and consist of the following:

| | 2025 | 2024 |
|---|---------------------------|---------------------------|
| | ٴ | ٴ |
| Fair Value Financial Instruments – Shares of Unlisted Companies (9-1) | 382,496,212 | 270,650,830 |
| Fair Value Financial Instruments – Shares of Listed Companies (9-2) | 334,292,897 | 648,804,378 |
| Fair Value Financial Instruments – Units of Investment Funds (9-3) | 33,473,722 | - |
| | <u>750,262,831</u> | <u>919,455,208</u> |

9-1 Below is a statement of details of investments in unlisted companies:

| | Number of shares | Balance at beginning of the year ٴ | Additions during the year ٴ | Unrealized gains (losses) ٴ | Balance at end of the year ٴ |
|--|---------------------|---|-----------------------------------|-----------------------------------|---------------------------------------|
| 31 December 2025 | | | | | |
| Industrialization and Energy Services Company (TAQA) Diyar Al-Furas Investment Company | 16,874,997 | 270,650,830 | - | (21,633,667) | 249,017,163 |
| Boudl Hotels and Resorts Co. | 17,120 | - | 80,000,000 | 2,902,169 | 82,902,169 |
| | 1,100,000 | - | 50,600,029 | (23,149) | 50,576,880 |
| Total | | <u>270,650,830</u> | <u>130,600,029</u> | <u>(18,754,647)</u> | <u>382,496,212</u> |

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9- INVESTMENTS IN EQUITY INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

9-2 Below is a statement of details of equity portfolio investments in listed companies:

| 31 December 2025 | Number of shares | Balance at Beginning of the year ؄ | Additions during the year ؄ | Disposals during the Year ؄ | Transfers ؄ | Unrealized losses ؄ | Balance at end of the year ؄ |
|---------------------------------|---------------------|---|-----------------------------------|-----------------------------------|----------------|------------------------|---|
| Al-Inma Capital | 5,514,600 | - | 118,858,228 | (134,026,160) | 123,698,152 | (373,421) | 108,156,799 |
| Al-Rajhi Capital | 12,287,142 | 501,058,964 | 142,163,894 | (294,348,806) | (6,421,164) | (146,307,498) | 196,145,390 |
| EFG Hermes Portfolio | 672,289 | - | 68,324,967 | (81,822,200) | 48,934,044 | (5,446,103) | 29,990,708 |
| Aljazira Capital Portfolio | - | - | 58,049,941 | (9,115,897) | (48,934,044) | - | - |
| Investment Capital Portfolio | - | 147,745,414 | 21,833,151 | (39,781,147) | (117,276,988) | (12,520,430) | - |
| Al-Inma Funds | | - | 138,145,000 | (138,145,000) | - | - | - |
| Total | | 648,804,378 | 547,375,181 | (697,239,210) | - | (164,647,452) | 334,292,897 |

9-3 Below is a statement of details of investments in investment fund units:

| 31 December 2025 | Balance at Beginning of the year ؄ | Additions during the year ؄ | Unrealized Gains (Losses) ؄ | Balance at end of the year ؄ |
|-------------------------|---|-----------------------------------|-----------------------------------|---|
| Turmeric Fund | - | 32,418,585 | (4,050,994) | 28,367,591 |
| Tuwaiq Wealth Fund | - | 5,000,000 | 106,131 | 5,106,131 |
| Total | - | 37,418,585 | (3,944,863) | 33,473,722 |

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9- INVESTMENTS IN EQUITY INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

The realized gains from the sale of investments in equity instruments at fair value through profit or loss were as follows:

| | 2025 ﷲ | 2024 ﷲ |
|------------------------|------------------|-------------------|
| Consideration received | 705,623,685 | 1,492,888,576 |
| Carrying amount | (697,239,210) | (1,443,461,675) |
| | 8,384,475 | 49,426,901 |

The following presents a statement of dividend distributions from investments in equity instruments at fair value through profit or loss:

| | 2025 ﷲ | 2024 ﷲ |
|--|-------------------|-------------------|
| Turmeric Fund | 9,899,656 | - |
| Diyar Al-Furas Investment Company | 2,356,825 | - |
| Listed Company Shares in Investment Portfolio – Al-Inma Capital | 2,170,295 | - |
| Listed Company Shares in Investment Portfolio – Al Rajhi Capital | 1,962,628 | 4,486,064 |
| Listed Company Shares in Investment Portfolio – EFG Hermes Portfolio | 273,777 | - |
| Tuwaiq Wealth Fund | 263,508 | - |
| Listed Company Shares in Investment Portfolio – Aljazira Capital | 330,656 | - |
| Industrialization and Energy Services Company (TAQA) | - | 5,062,499 |
| Listed Company Shares in Investment Portfolio – Investment Capital | - | 1,747,825 |
| | 17,257,345 | 11,296,388 |

Investments in equity instruments at fair value through profit or loss have been included through profit or loss in the consolidated statement of financial position as follows:

| | 2025 ﷲ | 2024 ﷲ |
|--|--------------------|--------------------|
| Investments in equity instruments at fair value through profit or loss – Non-current portion | 410,863,803 | 270,650,830 |
| Investments in equity instruments at fair value through profit or loss – Current portion | 339,399,028 | 648,804,378 |
| | 750,262,831 | 919,455,208 |

10- CASH AND CASH EQUIVALENTS

| | 2025 ﷲ | 2024 ﷲ |
|--------------------------------------|-------------------|------------------|
| Cash held with investment portfolios | 34,496,957 | 4,722,421 |
| Bank balances | 4,197,901 | 2,712,549 |
| | 38,694,858 | 7,434,970 |

Cash in investment portfolios represents uninvested cash liquidity or cash available for immediate investment within those portfolios, and it is held with banks and investment companies in the Kingdom of Saudi Arabia and in Saudi Riyals (ﷲ).

Cash at banks is maintained with Saudi banks and denominated in Saudi Riyals (ﷲ).

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11- CAPITAL

The Company's authorized, issued, and fully paid capital consists of 60 million ordinary shares with a par value of 10 ټ each (31 December 2024: 60 million ordinary shares with a par value of 10 ټ each).

12- TREASURY SHARES

During 2023, the Company completed the purchase of 1,000,000 of its own shares at a total cost of 30,665,894 ټ in accordance with the resolution of the Extraordinary General Assembly of shareholders dated 25 January 2023.

13- RESERVE

The Company amended its Articles of Association and Bylaws to comply with the provisions of the Companies Law issued by Royal Decree No. M/32 dated 3 June 2022. As a result, the Company is no longer required to maintain a statutory reserve. Accordingly, the balance of the statutory reserve accumulated in prior years is subject to future shareholder decisions, either to retain it as a general reserve or to transfer it to retained earnings.

14- GENERAL RESERVE

This reserve was established pursuant to the resolution of the Ordinary General Assembly dated 15 May 2018, for the purpose of covering potential future investment or zakat losses. The Board of Directors has been authorized to transfer amounts from the general reserve, once created, to cover such losses as deemed appropriate in the best interest of the Group.

15- EMPLOYEES' DEFINED BENEFITS OBLIGATIONS

The Group grants defined benefits obligations ("the benefit plan") to its employees in accordance with the requirements of the Labor Law in the Kingdom of Saudi Arabia. The benefits granted under this benefit plan represent a lump sum amount calculated based on the employees' latest salaries, allowances, and their accumulated years of service at the date of service termination.

The defined benefits obligations recognized in the statement of financial position related to employees' end-of-service benefits represent the present value of the defined benefits obligations at the reporting date. The most recent actuarial valuation was conducted by an independent qualified actuary using the projected unit credit method.

Below is a statement of movements in employees' defined benefits obligations:

| | 2025 ټ | 2024 ټ |
|---|------------------|------------------|
| At the beginning of the year | 2,264,006 | 1,916,067 |
| Current service cost | 364,358 | 253,196 |
| Finance cost on defined benefit obligations | 117,645 | 90,244 |
| Benefits paid during the year | (160,609) | (152,064) |
| Actuarial losses | 156,195 | 156,563 |
| At the end of the year | <u>2,741,595</u> | <u>2,264,006</u> |

All changes in employees defined benefit obligations have been recognized in the consolidated statement of profit or loss and other comprehensive income, except for actuarial gains (losses), which have been recognized in other comprehensive income.

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15- EMPLOYEES' DEFINED BENEFITS OBLIGATIONS (continued)

Key Actuarial Assumptions

| | <u>2025</u> | <u>2024</u> |
|------------------------|-------------|-------------|
| Discount rate | 4,40% | 5,20% |
| Salary growth rate | 9% | 9% |
| Employee turnover rate | 15% | 15% |

Sensitivity Analysis

The reasonably possible changes, at each reporting date, in one of the relevant actuarial assumptions while keeping all other assumptions constant, are assumed to have an impact on the employees defined benefit by the amounts set out below:

| | <u>2025</u> | <u>2024</u> |
|--|-------------|-------------|
| | S | S |
| Increase in discount rate by 1% | 2,618,510 | 2,160,932 |
| Decrease in discount rate by 1% | 2,877,643 | 2,377,552 |
| Increase in salary growth rate by 1% | 2,870,369 | 2,372,356 |
| Decrease in salary growth rate by 1% | 2,622,425 | 2,163,485 |
| Increase in employee turnover rate by 1% | 2,645,661 | 2,193,711 |
| Decrease in employee turnover rate by 1% | 2,731,757 | 2,257,067 |

16- ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

| | <u>2025</u> | <u>2024</u> |
|--|-------------------|------------------|
| | S | S |
| Accrued employee salaries and benefits | 4,471,502 | 3,838,331 |
| Accrued committee and board members' fees and allowances | 3,908,836 | - |
| Accrued payments to investment funds | 3,323,259 | 551,834 |
| Accrued consulting and professional fees | 684,153 | 906,720 |
| Accrued payables for purchase of fixed assets | - | 985,048 |
| Others | 9,869 | 21,567 |
| | <u>12,397,619</u> | <u>6,303,500</u> |

17- SHORT-TERM LOANS

The Group has entered into renewable Shariah-compliant credit facility agreements with local banks for the purpose of expanding the Group's investments. These loans are secured by pledging a portion of the Group's investment portfolios with the lending banks equivalent to the outstanding loan balances.

Movement of short-term loans during the year

| | <u>2025</u> | <u>2024</u> |
|------------------------------|--------------------|--------------------|
| | S | S |
| At the beginning of the year | 103,251,452 | 100,000,000 |
| Additions during the year | 160,000,000 | 100,000,000 |
| Repayments during the year | (100,000,000) | (100,000,000) |
| Total | <u>163,251,452</u> | <u>100,000,000</u> |
| Add: accrued financing costs | 10,030,386 | 10,251,452 |
| Repayments during the year | (11,300,900) | (7,000,000) |
| Net loans balance | <u>161,980,938</u> | <u>103,251,452</u> |

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18- ZAKAT

a) Zakat expense charged for the year

Zakat has been calculated on a unified basis for the Company and its subsidiary. The zakat expense charged for the year ended 31 December 2025 amounted to 6,344,564 ٴ (2024: 14,427,514 ٴ).

b) Components of Zakat base

| | 2025 ٴ | 2024 ٴ |
|---|--------------------|--------------------|
| Total shareholders' equity, liabilities and its equivalents | 1,019,809,247 | 1,247,009,834 |
| Total non-current assets and its equivalents | (773,905,536) | (689,095,672) |
| Zakat base | <u>245,903,711</u> | <u>557,914,162</u> |

Zakat is due at rate of 2.5777% of the zakat base for the year 2025 (2024: 2.5847%).

c) Movement of Zakat Provision

| | 2025 ٴ | 2024 ٴ |
|--|------------------|-------------------|
| At the beginning of the year | 14,303,108 | 10,088,223 |
| Provision for the current year | 6,344,564 | 14,427,514 |
| Payments during the year | (14,426,607) | (9,139,635) |
| Reversal of prior provision no longer required | - | (1,072,994) |
| At the end of the year | <u>6,221,065</u> | <u>14,303,108</u> |

Zakat assessments

The Group has submitted its zakat returns to the Zakat, Tax and Customs Authority ("ZATCA") for all years up to 2024, settled the zakat due accordingly, and obtained the zakat certificates. The Group has also received zakat assessments up to 2024 and paid the zakat due thereon.

19- (LOSSES) REVENUE FROM INVESTMENTS

| | 2025 ٴ | 2024 ٴ |
|--|----------------------|--------------------|
| Gain on sale of share in an associate | 28,127,330 | 98,752,582 |
| Dividend income from investments in equity instruments at fair value through profit or loss and through other comprehensive income | 17,280,387 | 11,296,388 |
| Share of results of associates | 10,103,341 | 8,268,492 |
| Realized gain on sale of investments in equity instruments at fair value through profit or loss | 8,384,475 | 49,426,901 |
| Unrealized (losses) gains from investments in equity instruments at fair value through profit or loss | (187,346,962) | 174,693,145 |
| | <u>(123,451,429)</u> | <u>342,437,508</u> |

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20- GENERAL AND ADMINISTRATIVE EXPENSES

| | 2025 | 2024 |
|---|-------------------|------------|
| | ﷲ | ﷲ |
| Salaries and wages and related benefits | 10,082,108 | 16,309,913 |
| Professional and consulting fees | 4,383,391 | 2,475,011 |
| Meeting attendance allowances, committee fees and board members' remuneration | 3,908,836 | 3,684,116 |
| Investment portfolio management expenses | 1,414,326 | 1,481,562 |
| Depreciation of property and equipment | 1,107,146 | 743,813 |
| Trading fees | 650,406 | 647,659 |
| Medical insurance | 410,847 | 524,115 |
| Bank charges | 176,539 | 2,937 |
| Government expenses | 109,339 | 97,714 |
| Hospitality and cleaning | 63,343 | 148,465 |
| Telephone and postage | 33,316 | 37,787 |
| Water and electricity | 26,266 | 21,636 |
| Maintenance and repairs | 15,377 | 27,530 |
| Stationery and printing | 13,861 | 20,156 |
| Rent | - | 257,284 |
| Other | 486,241 | 397,769 |
| | 22,881,342 | 26,877,467 |

21- BASIC AND DILUTED EARNINGS (LOSS) PER SHARE

Basic earnings per share attributable to ordinary shares are calculated by dividing net income attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share is the same as basic earnings per share since the Group has no issued dilutive shares.

| | 2025 | 2024 |
|---|----------------------|-------------|
| | ﷲ | ﷲ |
| Net (loss) profit for the year | (162,508,451) | 295,063,946 |
| Weighted average number of outstanding shares | 59,000,000 | 59,000,000 |
| (Loss) earnings per share from net (loss) profit for the year | (2.75) | 5.00 |

22- RELATED PARTY TRANSACTIONS AND BALANCES

Transactions with related parties and their specific terms are approved in accordance with the policies adopted by the Group companies. The following is a summary of transactions with related parties and their balances:

| <u>Related Party</u> | <u>Relationship</u> | |
|------------------------------------|--|------------|
| Al Salam Aviation Industry Company | Related party relationship through a common board member | |
| | Transaction amount in | |
| | 2025 | 2024 |
| | ﷲ | ﷲ |
| Nature of transaction | | |
| Expenses paid on behalf | - | 12,246,559 |

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22- RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Remunerations of Key Management Personnel:

Key management personnel consist of executives, members of the Board of Directors, and subcommittees. The following is a summary of the compensation incurred in this regard:

| | 2025 | 2024 |
|--|-------------------------|--------------------------|
| | ﷲ | ﷲ |
| Board members' allowances and remuneration | <u>3,908,836</u> | <u>3,684,116</u> |
| Short-term salaries and benefits – executive | <u>6,041,313</u> | <u>11,797,761</u> |
| | <u>9,950,149</u> | <u>15,481,877</u> |

23- DIVIDENDS

On 25 June 2025, the General Assembly approved the distribution of dividends to the Company's shareholders for the year ended 31 December 2024, at 1 ﷲ per share, with a total amount of 59,000,000 ﷲ, which has been fully paid. (December 31, 2024: The General Assembly approved the distribution of dividends to the Company's shareholders for the year ended 31 December 2023, 1 ﷲ per share, with a total amount of 59,000,000 ﷲ, which has been fully paid).

24- FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction, Financial instruments consist of financial assets and financial liabilities. The Group's financial assets comprise investments in equity instruments at fair value through other comprehensive income (FVOCI), investments in equity instruments at fair value through profit or loss, other receivables, and cash and cash equivalents. Financial liabilities consist of loans, accrued expenses, and other current liabilities.

Management has assessed that the fair value of other receivables, cash and cash equivalents, term loans, accrued expenses, and other current liabilities approximates their carrying amounts, largely due to the short-term maturity of these instruments.

During the two years ended 31 December 2025 and 2024, there were no transfers between Level 1 and Level 2 of the fair value hierarchy, nor were there any transfers into or out of Level 3 of the fair value hierarchy.

25- RISK MANAGEMENT OF FINANCIAL INSTRUMENTS

The Group's principal financial liabilities comprise accrued expenses and other payables, and short-term loans. The primary purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include investments, cash and cash equivalents, and other current assets arising directly from its operations.

The Group is exposed to market risks, credit risks, and liquidity risks. The Group's senior management oversees the management of these risks. Senior management also reviews policies and procedures to ensure that financial risks are identified, measured, and managed in accordance with the Group's risk management policies and objectives. The Group does not have any risk hedging activities.

The Board of Directors reviews and approves the policies for managing all of these risks, as summarized below:

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25- RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (continued)

A) Market risk

Market risk is the risk resulting from fluctuations in the fair value or future cash flows of a financial instrument as a result of changes in prevailing market commission rates and market liquidity.

Market risk includes the following types of risks: interest rate risk, currency risk, and equity price risk. The financial instruments affected by market risk comprise term loans and equity price exposures.

Interest rate risk

Interest rate risk represents the risk arising from fluctuations in the value of financial instruments due to changes in prevailing market commission rates. The Group's exposure to changes in prevailing commission rates relates primarily to term loans. The Group manages its exposure to commission rate risk by continuously monitoring changes in interest rates.

A reasonably possible change in commission rates of 50 basis points, with all other variables held constant, for term loan linked to commission will affect the consolidated statement of profit or loss and other comprehensive income by an amount of 10,030,386 ٴ (2024 :7,067,890 ٴ).

Currency risk

Currency risk represents the risk arising from fluctuations in the value of a financial instrument due to changes in foreign exchange rates. The Group's transactions are conducted primarily in Saudi Riyals and US Dollars. Since the Saudi Riyal is pegged to the US Dollar, the Group is not significantly exposed to currency risk.

Equity Price Risk

The Group's investments in unlisted equity instruments are subject to risk arising from market price fluctuations due to uncertainty regarding the future value of these financial instruments. The Group manages equity price risk through diversification and by setting limits for each individual equity instrument as well as for the overall portfolio. Reports on the equity portfolio are submitted regularly to senior management. The Group's Board of Directors reviews and approves all decisions related to investments in equity instruments.

The following table provides details of the Group's exposure to equity instruments and the impact on equity, assuming a percentage change in equity share prices:

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25- RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (continued)

| 2025 | Balance | Sensitivity | Net Profit | Equity |
|--|----------------|--------------------|-------------------|---------------|
| Investments in equity instruments at fair value through other Comprehensive Income (FVOCI) | 10,256,831 | +5% | - | 512,842 |
| | | -5% | - | (512,842) |
| Investments in equity instruments at fair value through profit or loss (FVTPL) | 750,262,831 | +5% | 37,513,142 | 37,513,142 |
| | | -5% | (37,561,984) | (37,561,984) |
| 2024 | Balance | Sensitivity | Net Profit | Equity |
| Investments in equity instruments at fair value through other Comprehensive Income (FVOCI) | 10,652,758 | +1% | - | 10,653 |
| | | -1% | - | (10,653) |
| Investments in equity instruments at fair value through profit or loss (FVTPL) | 919,455,208 | +1% | 9,194,552 | 9,194,552 |
| | | -1% | (9,194,552) | (9,194,552) |

b) Credit Risk

The Group does not have a significant concentration of credit risk. Cash is deposited with local banks that have good credit ratings. The Group has established policies to limit its exposure to credit risk. The maximum exposure to credit risk at the reporting date is as follows:

| | 2025 | 2024 |
|---------------------------|-------------------|------------------|
| | ؄ | ؄ |
| Cash and Cash Equivalents | 38,694,858 | 7,434,970 |

Cash and cash equivalents

Credit risk arising from balances with banks and financial institutions is managed in accordance with the Group's policy. The Group seeks to manage credit risk related to banks by dealing only with good reputation banks. At each reporting date, management has not identified any significant concentrations of credit risk.

c) Liquidity Risk

Liquidity risk represents the risk that the Group may encounter difficulties in providing the necessary funding to meet obligations associated with financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly at an amount close to its fair value.

Liquidity risk is managed through regular monitoring of the adequacy of available liquidity to meet the Group's financial obligations. The Group manages its liquidity risk by ensuring that the availability of sufficient liquidity to meet its obligations as they fall due, under both normal and expected conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The following table summarizes the contractual maturities of the Group's undiscounted financial liabilities as at 31 December, based on contractual payment dates and prevailing market interest rates:

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25- RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (continued)

c) Liquidity risk (continued)

| 2025 | Within 1 year ؄ | Total ؄ |
|--|---------------------------|--------------------|
| Short-term loans | 161,980,938 | 161,980,938 |
| Accrued expenses and other current liabilities | 12,397,619 | 12,397,619 |
| | 174,378,557 | 174,378,557 |
| | | |
| 2024 | Within 1 year ؄ | Total ؄ |
| Short-term loans | 103,251,452 | 103,251,452 |
| Accrued expenses and other current liabilities | 6,303,500 | 6,303,500 |
| | 109,554,952 | 109,554,952 |

d) Capital management

For the purpose of managing the Group’s capital, capital includes issued share capital and all other equity reserves attributable to shareholders. The primary objective of the Group’s capital management is to ensure that it maintains a sound capital ratio in order to support its operations and maximize shareholder value.

The Group manages and adjusts its capital structure in light of changes in economic conditions.

There have been no changes in the objectives, policies, or procedures of capital management during the two years ended 31 December 2025 and 2024.

26- FAIR VALUE MEASUREMENT

The following table summarizes the hierarchy for measuring the fair value of the Group’s financial assets, with the valuation date being 31 December:

| 2025 | Level 1 | Level 2 | Level 3 | Total |
|--|--------------------|----------------|--------------------|--------------------|
| Investments in equity instruments at fair value through other Comprehensive Income (FVOCI) | 4,923,895 | - | 5,332,936 | 10,256,831 |
| Investments in equity instruments at fair value through profit or loss (FVTPL) | 334,292,897 | - | 415,969,934 | 750,262,831 |
| Total | 339,216,792 | - | 421,302,870 | 760,519,662 |
| | | | | |
| 2024 | Level 1 | Level 2 | Level 3 | Total |
| Investments in equity instruments at fair value through other Comprehensive Income (FVOCI) | 6,530,577 | - | 4,122,181 | 10,652,758 |
| Investments in equity instruments at fair value through profit or loss (FVTPL) | 648,804,378 | - | 270,650,830 | 919,455,208 |
| Total | 655,334,955 | - | 274,773,011 | 930,107,966 |

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27- SUBSEQUENT EVENTS

Subsequent to 31 December 2025, the Middle East and GCC countries witnessed certain geopolitical developments that may affect the overall economic environment. Management is closely monitoring these developments and assessing their potential impact on the Company's operations and investments. Given the evolving nature of these events and the inability to predict their outcomes at present, no reliable estimate of the potential financial effect can be provided. Accordingly, no adjustments have been made to the accompanying consolidated financial statements.

Except for the above-mentioned, management believes that there are no other significant subsequent events since year-end that would require disclosure thereof.

28- APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved by the Board of Directors on 12 Shawwal 1447H (corresponding to 31 March 2026).