

The National Company for Glass Industries (Zoujaj)
(A Listed Saudi Joint Stock Company)

Financial Statements and Independent Auditor's Report
For the year ended December 31, 2025

THE NATIONAL COMPANY FOR GLASS INDUSTRIES (ZOUJAJ)
(A LISTED SAUDI JOINT STOCK COMPANY)
FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2025

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Independent Auditor's Report

To the Shareholders,

The National Company for Glass Industries (Zoujaj)

(A Listed Saudi Joint Stock Company)

Riyadh, Kingdom of Saudi Arabia

Opinion

We have audited the financial statements of the National Company for Glass Industries (the "Company"), which comprise the statement of financial position as at December 31, 2025 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (hereinafter collectively referred to as "IFRS as endorsed in KSA").

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 further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Independent Auditor's Report (Continued)

**To the Shareholders,
The National Company for Glass Industries (Zoujaj)**

Key Audit Matters (Continued)

Key audit matter	How our audit addressed the key audit matter
<p><u>Revenue recognition</u></p> <p>Revenue from sale of customized products is recognized based on the units produced output method.</p> <p>We have considered this as a key audit matter as application of accounting standards for revenue recognition on the units produced output method basis involves significant scope for judgement by management, which has material impact on the financial statements.</p> <p>Refer to critical accounting judgements in note 4 (a), note 5.14 for revenue recognition policy and note 22 for more details of revenue.</p>	<p>We have performed the following procedure relating to revenue recognition:</p> <ul style="list-style-type: none"> - Assessed the appropriateness of the Company's revenue recognition policy. - Assessed the appropriateness of significant accounting judgements made by management to determine whether the performance obligation is being satisfied over a period of time or at a point in time. - Assessed the design and implementation of the Company's controls over the revenue recognition process. - Tested the supporting documents for a sample of the revenue transactions. - Performed analytical procedures by comparing expectation of revenue with actual revenue. - Performed cut off procedures to ensure that the revenue is recorded in the correct period. - Assessed the adequacy of the disclosures in the financial statements as per the relevant IFRS as endorsed in KSA.

Independent Auditor's Report (Continued)

**To the Shareholders,
The National Company for Glass Industries (Zoujaj)**

Key Audit Matters (Continued)

Key audit matter	How our audit addressed the key audit matter
<p><u>Investments in joint ventures - classification</u></p> <p>As of the date of statement of financial position, the Company has 55% investment each in Saudi Guardian International Float Glass Company Limited and Guardian Zoujaj International Float Glass Company LLC and 50% in The Saudi National Lamps and Electricals Company Limited (collectively called as "investees").</p> <p>The Company is required to make judgement whether it controls the investees by itself or jointly with other investors or has only significant influence over these investees. In performing that assessment, the Company assesses if it is exposed to variable returns from its investment in these investees and has the ability to affect those variable returns through its power over the investees.</p> <p>Consequence of assessment of control is the determination whether the Company is parent and hence should consolidate its investments or has significant influence or joint control and thus present the results of its investments in investees under equity method of accounting.</p> <p>Refer to critical accounting judgements in note 4 (a), note 5.4 for the accounting policy and note 10 for more details of these investments.</p>	<p>We have performed the following procedures relating to these investments:</p> <ul style="list-style-type: none"> - Read the articles of association and the agreements between the Company and other investors. - Reviewed the management's assessment of the control over investee companies i.e. whether there is significant influence, joint control or control, and any change in the control. - Evaluated the factual pattern on how the actual control is being exercised by each investor in the investee companies. - Assessed the adequacy of disclosures on key judgements involved in making the determination of control.

Other Information

Other information consists of the information included in the Company's 2025 annual report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information in its annual report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditor's Report (Continued)

To the Shareholders,

The National Company for Glass Industries (Zoujaj)

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS as endorsed in KSA and the Company's Bylaws and for such internal control 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 financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Independent Auditor's Report (Continued)

To the Shareholders,

The National Company for Glass Industries (Zouja)

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

Baker Tilly Professional Services



Majed Muneer Alnemer

(Certified Public Accountant - License No. 381)

Riyadh on Shawwal 10, 1447 H

Corresponding to March 29, 2026 G



THE NATIONAL COMPANY FOR GLASS INDUSTRIES (ZOUJAJ)

(A LISTED SAUDI JOINT STOCK COMPANY)

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

(Amounts in Saudi Riyal (ﷲ) unless otherwise stated)

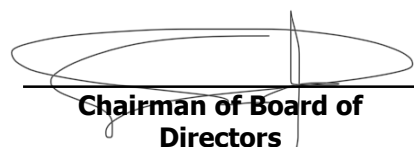
	Notes	December 31, 2025	December 31, 2024
ASSETS			
Non-current assets			
Property, plant and equipment	6	206,268,706	196,482,322
Investment property	7	5,000,000	5,000,000
Intangible assets	8	2,587,174	-
Right of use assets	9	1,992,275	2,211,450
Investments in joint ventures	10	569,966,449	504,010,489
Total non-current assets		<u>785,814,604</u>	<u>707,704,261</u>
Current assets			
Inventories	11	40,337,244	22,817,128
Prepayments and other debit balances	12	3,443,676	3,509,430
Contract assets	22	12,685,887	14,256,244
Trade receivables	13	52,583,559	43,291,488
Cash and cash equivalents	14	15,211,199	41,400,453
Total current assets		<u>124,261,565</u>	<u>125,274,743</u>
Total assets		<u>910,076,169</u>	<u>832,979,004</u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital	15	329,000,000	329,000,000
Statutory reserve	16	-	98,700,000
Retained earnings		492,544,185	326,586,612
Total equity		<u>821,544,185</u>	<u>754,286,612</u>
LIABILITES			
Non-current liabilities			
Loans and borrowings	17	25,632,053	18,426,479
Lease liabilities	9	1,947,863	2,079,509
Employees' end of service benefits	18	5,304,624	6,250,476
Total non-current liabilities		<u>32,884,540</u>	<u>26,756,464</u>
Current liabilities			
Loans and borrowings	17	4,293,703	5,612,044
Lease liabilities	9	196,058	256,043
Contract liabilities	22	905,302	144,038
Trade payables		15,935,076	13,612,052
Accrued expenses and other credit balances	19	15,173,238	11,500,848
Zakat provision	20	4,476,714	6,165,095
Dividends payable	21	14,667,353	14,645,808
Total current liabilities		<u>55,647,444</u>	<u>51,935,928</u>
Total liabilities		<u>88,531,984</u>	<u>78,692,392</u>
Total equity and liabilities		<u>910,076,169</u>	<u>832,979,004</u>



Acting CFO
Sreenivasan
Balakrishnan



CEO
Samir Mohammed Al-Ruhaili



Chairman of Board of
Directors
Omar Riyadh Alhumaidan

The accompanying notes form an integral part of these financial statements

THE NATIONAL COMPANY FOR GLASS INDUSTRIES (ZOUJAJ)

(A LISTED SAUDI JOINT STOCK COMPANY)

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

(Amounts in Saudi Riyal (ﷲ) unless otherwise stated)


	<u>Notes</u>	<u>2025</u>	<u>2024</u>
Revenue	22	128,568,280	138,930,443
Cost of revenue	23	(107,853,123)	(104,949,330)
Gross profit		20,715,157	33,981,113
Selling and distribution expenses	24	(9,058,472)	(6,272,335)
General and administrative expenses	25	(15,132,585)	(13,736,808)
Impairment loss on financial assets	13	(278,740)	(1,476,190)
Other income, net	26	2,020,318	3,405,092
Operating (loss) / profit		(1,734,322)	15,900,872
Finance cost	27	(1,652,238)	(1,454,192)
Share of profit from equity accounted joint ventures	10	90,508,027	85,510,260
Profit before zakat		87,121,467	99,956,940
Zakat	20	(3,461,138)	(3,125,379)
Net profit for the year		83,660,329	96,831,561
Other Comprehensive Income			
<i>Items that will not be reclassified to profit or loss</i>			
Re-measurement loss of employees' end of service benefits	18	(127,325)	(43,361)
Share of other comprehensive income from equity accounted joint ventures	10	174,569	1,686,883
Total other comprehensive income		47,244	1,643,522
Total comprehensive income		83,707,573	98,475,083
Basic and diluted earnings per share	29	2.54	2.94



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THE NATIONAL COMPANY FOR GLASS INDUSTRIES (ZOUJAJ)

(A LISTED SAUDI JOINT STOCK COMPANY)

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

(Amounts in Saudi Riyal (ﷲ) unless otherwise stated)

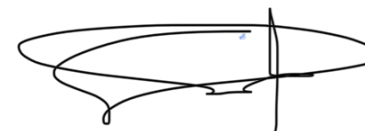
	Notes	Share capital	Statutory reserve	Retained earnings	Total
Balance as at January 1, 2024		329,000,000	98,700,000	293,911,529	721,611,529
Net profit for the year		-	-	96,831,561	96,831,561
Other comprehensive income		-	-	1,643,522	1,643,522
Total comprehensive income for the year		-	-	98,475,083	98,475,083
Dividend	21	-	-	(65,800,000)	(65,800,000)
Balance as on December 31, 2024		329,000,000	98,700,000	326,586,612	754,286,612
Net profit for the year		-	-	83,660,329	83,660,329
Other comprehensive income		-	-	47,244	47,244
Total comprehensive income for the year		-	-	83,707,573	83,707,573
Transfer of statutory reserve to retained earnings	16	-	(98,700,000)	98,700,000	-
Dividend	21	-	-	(16,450,000)	(16,450,000)
Balance as at December 31, 2025		329,000,000	-	492,544,185	821,544,185



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THE NATIONAL COMPANY FOR GLASS INDUSTRIES (ZOUJAJ)

(A LISTED SAUDI JOINT STOCK COMPANY)

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

(Amounts in Saudi Riyal (ﷲ) unless otherwise stated)

	<u>Notes</u>	<u>2025</u>	<u>2024</u>
Cash flows from operating activities			
Profit before Zakat		87,121,467	99,956,940
Adjustments for:			
Depreciation of property, plant and equipment	6	31,434,980	29,558,121
Depreciation of right of use assets	9	219,175	230,541
Amortisation of intangible assets	8	18,020	-
Provision against inventory	23	1,325,932	795,266
Provision against exploration license	26	1,462,000	-
Share of profit from equity accounted joint ventures	10	(90,508,027)	(85,510,260)
Gain on disposal of property, plant and equipment	26	(120,435)	(171,761)
Impairment loss on financial assets	13	278,740	1,476,190
Finance cost	27	1,652,238	1,454,192
Employees' end of service benefits	18	839,011	751,812
		33,723,101	48,541,041
Changes in working capital items:			
Inventories		(18,846,048)	787,448
Prepayments and other debit balances		65,754	(625,695)
Contract assets		1,570,357	(480,699)
Trade receivables		(9,570,811)	(659,077)
Contract liabilities		761,264	(232,291)
Trade payables		2,323,024	4,270,388
Accrued expenses and other credit balances		4,004,980	(253,634)
Cash generated from operating activities		14,031,621	51,347,481
Employees' end of service benefits paid	18	(2,249,363)	(909,732)
Finance cost paid		(675,802)	(505,795)
Zakat paid	20	(5,149,519)	(6,414,028)
Net cash generated from operating activities		5,956,937	43,517,926
Cash flows from investing activities			
Additions to property, plant and equipment	6	(41,221,364)	(66,128,161)
Proceeds from disposal of property, plant and equipment		120,435	174,213
Addition to intangible assets	8	(4,067,194)	-
Dividend received from joint ventures	10	24,726,636	96,129,972
Net cash (used in) / generated from investing activities		(20,441,487)	30,176,024

The accompanying notes form an integral part of these financial statements

THE NATIONAL COMPANY FOR GLASS INDUSTRIES (ZOUJAJ)

(A LISTED SAUDI JOINT STOCK COMPANY)

STATEMENT OF CASH FLOWS (CONTINUED)**FOR THE YEAR ENDED DECEMBER 31, 2025**

(Amounts in Saudi Riyal (ﷲ) unless otherwise stated)

	<u>Note</u>	<u>2025</u>	<u>2024</u>
Cash flows from financing activities			
Payment of long-term loans and borrowings		(26,954,652)	(2,263,933)
Receipt of long-term loans and borrowings		32,040,305	20,863,257
Net movement in short-term borrowings		-	(6,971,847)
Payment of lease liabilities		(361,902)	(566,376)
Dividends paid	21	(16,428,455)	(65,707,989)
Net cash used in financing activities		(11,704,704)	(54,646,888)
Net changes in cash and cash equivalents during the year		(26,189,254)	19,047,062
Cash and cash equivalents at the beginning of the year		41,400,453	22,353,391
Cash and cash equivalents at the end of the year	14	15,211,199	41,400,453
Non-cash transactions			
Modification in right of use assets and lease liabilities	9	-	(168,990)
Transfer of Capital work-in-progress to property, plant and equipment	6	(47,845,055)	(20,526,318)



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The accompanying notes form an integral part of these financial statements

THE NATIONAL COMPANY FOR GLASS INDUSTRIES (ZOUJAJ)

(A LISTED SAUDI JOINT STOCK COMPANY)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025

(Amounts in Saudi Riyal (ﷲ) unless otherwise stated)

1. COMPANY INFORMATION AND PRINCIPAL ACTIVITIES

The National Company for Glass Industries (Zoujaj) (hereinafter "the Company") is a Saudi Joint Stock company, established under the Commercial Register No. 1010075300 and National Unified No. 7001342547 dated Jumada al-Akhirah 20, 1410 H (corresponding to January 17, 1990) in Riyadh, Kingdom of Saudi Arabia.

The registered address of the Company is building number 8317, unit number 5, Saudi Second Industrial City, PO Box 88646, Riyadh 11672, Kingdom of Saudi Arabia.

The principal activity of the Company is production and sale of returnable and non-returnable glass bottles and float glass.

The financial statements include the Company's accounts and its following branches:

Branch name	CR number	Issuance location	Registration date	Activity
The National Factory for Glass Bottles	1010088944	Riyadh	11/05/1412 (H)	Production of returnable and non-returnable glass bottles.
The National Factory for Glass Bottles	1010756334	Riyadh	05/04/1443 (H)	Operating sand and gravel mines, including crushers.

During the year, the Company acquired 100% ownership of Silica Mining Company, a limited liability company under a commercial registration number 7031195527 dated 8 October 2022, to obtain its exploration license for high-grade silica sand in the Al-Kharj region. All legal formalities related to the transfer of ownership have been completed. The acquiree does not meet the definition of a business under International Financial Reporting Standards (IFRS) 3 – Business Combinations. Accordingly, the transaction has been accounted for as an acquisition of an exploration license, rather than a business combination. For further details on the recognition and measurement of the exploration license, refer to Note 33.2.

2. BASIS OF PREPARATION

a) Statement of compliance with IFRS Accounting Standards as endorsed in KSA

These financial statements of the Company for the year ended December 31, 2025 have been prepared in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (hereinafter collectively referred to as "IFRS as endorsed in KSA").

Details of the Company's material accounting policies are disclosed in note 5.

b) Basis of measurement

These financial statements have been prepared on a historical cost basis, except for the following:

- Defined benefit plan – measured at the present value of future obligations using the Project Unit Credit Method; and
- Investments in joint ventures – equity method of accounting

Furthermore, these financial statements are prepared using the accrual basis of accounting and the going concern basis.

c) Functional and presentation currency

These financial statements are presented in Saudi Riyals (ﷲ), which is also the Company's functional currency and all values are rounded to the nearest Saudi Riyal (ﷲ), except when otherwise indicated.

THE NATIONAL COMPANY FOR GLASS INDUSTRIES (ZOUJAJ)

(A LISTED SAUDI JOINT STOCK COMPANY)

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

(Amounts in Saudi Riyal (ﷲ) unless otherwise stated)

3. APPLICATION OF NEW AND AMENDED IFRS ACCOUNTING STANDARDS

3.1 New and amended IFRS Accounting Standards

The accounting policies and methods of computation adopted in the preparation of the financial statements for the year ended December 31, 2025 are consistent with those followed in the preparation of the Company's financial statements for the year ended December 31, 2024, except for the adoption of certain new amendments which became effective for annual periods starting on or after January 1, 2025.

The Company applies, for the first time, the following amendments:

- Amendments to IAS 21: Lack of exchangeability

These new amendments had no material impact on the financial statements of the Company.

3.2 New and amended IFRS Accounting Standards in issue but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective. The following new and amended standards and interpretations are not expected to have a material impact on the Company's financial statements:

- IFRS 19: Subsidiaries without Public Accountability: Disclosures
- Amendments to IFRS 18: Presentation and Disclosure in Financial Statements
- Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements
- Amendments to IFRS 9 and IFRS 7: Classification and Measurements of financial instruments
- Amendments to IFRS 9 and IFRS 7: Contracts Referencing Nature-dependent Electricity
- Annual Improvements to IFRS Accounting Standards - Volume 11

IFRS 18 is expected to have a significant impact on the way the Company presents its statement of profit or loss. The other new and amended standards and interpretations are not expected to have a material impact on the Company's financial statements.

THE NATIONAL COMPANY FOR GLASS INDUSTRIES (ZOUJAJ)

(A LISTED SAUDI JOINT STOCK COMPANY)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025

(Amounts in Saudi Riyal (ﷲ) unless otherwise stated)

4. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The Company makes certain judgements, estimates and assumptions regarding the future. Estimates and assumptions are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. 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 discussed below:

a) Judgements

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in the following notes:

Control over investments

The management has determined that the Company does not control its investments even though the Company owns 50% or more of the issued capital of the investments. The management has determined that the Company has a joint control over these investments, as it has been contractually agreed on sharing the control of these investments, in which all decisions about the relevant activities (activities that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing the control.

Joint arrangement

For all joint arrangements structured in separate vehicles the Company must assess the substance of the joint arrangement in determining whether it is classified as a joint venture or joint operation. This assessment requires the Company to consider whether it has rights to the joint arrangement's net assets (in which case it is classified as a joint venture), or rights to and obligations for specific assets, liabilities, expenses, and revenues (in which case it is classified as a joint operation). Factors the Company must consider include:

- Structure
- Legal form
- Contractual agreement
- Other facts and circumstances.

Upon consideration of these factors, the Company has determined that all of its joint arrangements structured through separate vehicles give it rights to the net assets and are therefore classified as joint ventures.

Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognizes revenue when it transfers control over a good or service to a customer.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, and the related revenue recognition policies.

Type of product	Nature and timing of satisfaction of performance obligation	Revenue recognition policy
Standard products	Customers obtain control of standard products when the products are made available to the customer and have been accepted.	Revenue is recognized when control of a product or service has transferred to the customer (upon delivery).
Customized products	The Company manufactures products for customers that have no alternative use and for which the Company has an enforceable right to payment for production completed to date. The Company has concluded that it has such enforceable right to payment once it receives an individual purchase order.	Revenue is recognized over time based on the units produced output method such that a portion of revenue, net of any related estimated rebates and cash discounts, excluding value added tax, will be recognized prior to the dispatch of products as the Company satisfies the contractual performance obligations for those contracts.

THE NATIONAL COMPANY FOR GLASS INDUSTRIES (ZOUJAJ)

(A LISTED SAUDI JOINT STOCK COMPANY)

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

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**4. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY
(CONTINUED)**

b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the financial statements for the year ended December 31, 2025, are as follows:

Useful lives of the property, plant and equipment

An estimate of the useful lives of property, plant and equipment is made to calculate depreciation expense. Such estimate is made based on the expected useful lives of relevant assets.

The useful lives of the Company's assets are determined by management based on technical evaluation at the time the asset is acquired and reviewed annually for appropriateness. The lives are based on historical experience with similar assets as well as anticipation of future events which may impact their life such as changes in technology (refer to note 5.1).

Impairment loss on financial assets

The impairment loss on financial assets is based on assumptions about risk of default and expected loss rates. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Zakat

Provision for zakat is made in accordance with Zakat, Tax and Customs Authority ("ZATCA") rules and regulations and is charged to the statement of profit or loss and other comprehensive income. Adjustments arising from final Zakat assessments are recorded in the period in which such assessments are made. The management establishes provision based on the expected amount to be paid to ZATCA.

Impairment of non-financial assets

An impairment loss is recognized for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary and may cause significant adjustments to the Company's assets within the next financial year.

Measurement of employees' end of service benefits' liability

The value of the employees' end of service benefits' liability under the defined benefit plan is determined using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality and inflation rates. Due to the complexity of the valuation and its long-term nature, a defined benefit obligation is sensitive to changes in these assumptions. All assumptions are reviewed on an annual basis or more frequently, if required.

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5. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The material accounting policies applied by the Company in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

5.1 Property, plant, and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation, and any accumulated impairment loss. If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. All other repair and maintenance costs are recognized in the statement of profit or loss and other comprehensive income as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision is met.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal of an item of property, plant and equipment is recognized in the statement of profit or loss and other comprehensive income.

Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Capital work in progress

Capital work in progress is stated at cost and not depreciated. Depreciation on capital work in progress commences when the assets are ready for their intended use. When assets are ready for their intended use, they are transferred to property, plant and equipment or intangible assets. Finance costs on borrowings to finance the construction of qualified assets are capitalized during the period that is required to complete and prepare the asset for its intended use.

Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognized in the statement of profit or loss and other comprehensive income. Land and capital work in progress are not depreciated.

The estimated depreciation rates based on the useful lives of the property, plant and equipment for current and comparative periods are as follows:

Description	Depreciation rate
Buildings	3-13%
Machines and equipment	5-25%
Furniture and fixtures	3-25%
Vehicles	10-25%
Moulds	10% or units of production whichever is higher

The residual values, useful lives, and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

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5. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

5.2 Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. The amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss and other comprehensive income in the expense category that is consistent with the function of the intangible assets.

The Company applies an annual rate of amortization of 33.33% to its computers' software.

5.3 Leases

The Company assesses whether a contract contains a lease, at the inception of the contract. For all such lease arrangements, the Company recognize right of use assets and lease liabilities except for the short-term leases and leases of low-value assets as follows:

Right of use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right of use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as an expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments, or a change in the assessment to purchase the underlying asset.

Short-term leases

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

5.4 Investments in joint ventures

A joint venture is a joint arrangement whereby the parties have joint control of the arrangement and right to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

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5. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**5.4 Investments in joint ventures (Continued)**

The results of the joint ventures are incorporated in these financial statements using the equity method of accounting by the Company. Under the equity method, an investment in a joint venture is initially recognized in the statement of financial position at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the joint venture in the statement of profit or loss and other comprehensive income. When the Company's share of losses of a joint venture exceeds the Company's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Company's net investment in the joint venture), the Company discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Company has incurred legal or constructive obligations for or made payments on behalf of the joint venture.

If the joint venture subsequently reports profits, the Company resumes recognizing its share of those profits only after its share of the profits equals the share of losses not recognized. Investments made by the Company in the following companies is being accounted for using the equity method of accounting since the management has determined these to be joint ventures of the Company.

Investee company	Location	Share holding	Activity
Saudi Guardian International Float Glass Company Limited (Gulf Guard)	Jubail, Saudi Arabia	55%	Production of Float Glass, Pattern Glass, Mirror, and coated glass.
Guardian Zoujaj International Float Glass Company LLC (Guardian Ras Al Khaimah)	Ras-Al- Khaimah, United Arab Emirates	55%	Production of glass sheets, mirror, reflective, enameled and insulant glass.
The Saudi National Lamps and Electricals Company Limited (SNLEC)*	Al-Hofuf, Saudi Arabia	50%	Production of lighting products.

*The Company has discontinued the equity method of accounting SNLEC after its share of accumulated losses from the said joint venture exceeded the carrying value of its investment and the Company determined that no further liability exist either legal or constructive which the Company might be liable to pay for.

5.5 Investment properties

Investment properties comprise of property held for capital appreciation, long-term rental yields or both, and are carried at cost less accumulated depreciation and accumulated impairment losses, if any. Investment properties also include property that is being constructed or developed for future use as investment properties. In addition, land, if any held for undetermined use is classified as investment properties and is not depreciated.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are recognized and presented separately within other income / (expenses) - net in the statement of profit or loss and other comprehensive income.

Rental income

Revenue from investment properties is generally recognized in the accounting period in which the services are rendered, using straight-line basis, over the term of the lease contract.

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5 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

5.6 Impairment testing of non-financial assets

The Company assesses at each 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 Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's (CGU) 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 groups of assets (collectively known as a cash generating unit). 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-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

These calculations are corroborated by valuation multiples, quoted share prices for other publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated.

Impairment losses of the continuing operations, if any, are recognized in the statement of profit or loss and other comprehensive income in the year in which such impairment arises and in the expense category consistent with the function of the impaired asset.

An assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such an indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited to the extent so as not to cause the carrying amount of the asset to exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss and other comprehensive income.

5.7 Inventories

Inventories are included in the financial statements at the lower of cost (including raw materials, direct labor, other direct costs and related production overheads) and net realizable value with due allowance for any obsolete or slow-moving items, products and damages as per the Company's policy. The cost of raw materials, consumables, spare parts, and finished goods is determined on a weightage average cost method.

5.8 Financial instruments

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

All financial assets are recognized initially at fair value plus, in the case of assets not at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

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5. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

5.8 Financial instruments (Continued)

Financial assets (Continued)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification.

Financial assets at amortized cost

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

Derecognition

A financial asset is primarily derecognized when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss.

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The Company considers a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Other financial assets such as cash and cash equivalents have low credit risk and the impact of applying ECL is immaterial.

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5. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

5.8 Financial instruments (Continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as described below:

Loans and borrowings

After initial recognition, loans and borrowings are subsequently measured at amortized cost using the Effective Interest Rate (EIR) method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

Offsetting of financial instruments

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

5.9 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and cash in hand. These also include short term deposits made in the bank with a maturity period of less than three months.

5.10 Employees benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Employees' end of service benefits

The Company's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method.

Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses (excluding finance expense) is recognized immediately in other comprehensive income. The Company determines the net finance expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net finance expenses and other expenses related to defined benefit plans are recognized in the statement of profit or loss and other comprehensive income.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in the benefit that relates to past service or the gain or loss on curtailment is recognized immediately in the statement of profit or loss and other comprehensive income. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

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5. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

5.10 Employees benefits (Continued)

Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to its present value and recognized as an expense in the statement of profit or loss and other comprehensive income in the period in which it arises.

5.11 Provisions and contingent liabilities

Provisions are recognized when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Company, and amounts can be estimated reliably. The timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, legal disputes or onerous contracts.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset. However, this asset may not exceed the amount of the related provision.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. In those cases, where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized, unless it was assumed in the course of a business combination.

A provision for restructuring is recognized when the Company has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided as a provision.

5.12 Zakat

The Company is subject to the regulations of Zakat, Tax and Customs Authority ("ZATCA") in the Kingdom of Saudi Arabia. Zakat provision is calculated based on the Zakat base of the Company. Any differences between the provision and the final assessment is recorded when the final assessment is approved. Provision for Zakat is charged to statement of profit or loss and other comprehensive income.

5.13 Dividends

Dividends are recognized as a liability at the time of their approval by the General Assembly or by the Board of Directors when they have been duly authorized by the General Assembly.

5.14 Revenue recognition

The Company's products include glass bottles primarily for beverage and food markets, where demand is consumer-driven.

The Company usually enters into framework agreements with its major customers, which establish the terms under which individual orders to purchase glass bottles may be placed. As the framework agreements do not identify each party's rights regarding the glass bottles to be transferred, they do not create enforceable rights and obligations on a standalone basis. Therefore, the Company has concluded that only individual purchase orders create enforceable rights and obligations and meet the definition of a contract. The individual purchase orders have, in general, a delivery duration of less than one year and, as such, the Company does not disclose any information about remaining performance obligations under these contracts. The Company's payment terms are in line with customary business practice, which can vary by customer and region. The Company has availed of the practical expedient from considering the existence of a significant financing component as, based on past experience, the Company expects that, at contract inception, the period between when a promised product is transferred to the customer and when the customer pays for that product will be one year or less.

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5. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

5.14 Revenue recognition (Continued)

In general, revenue is recognized when control of a product or service has transferred to the customer. For certain contracts, the Company manufactures products for customers that have no alternative use and for which the Company has an enforceable right to payment for production completed to date. The Company has concluded that it has such enforceable right to payment plus a reasonable margin once it receives an individual purchase order. Therefore, for such products that have no alternative use and where an enforceable right to payment exists, the Company will recognize revenue over time based on the units produced output method such that a portion of revenue, net of any related estimated rebates and cash discounts, excluding value added tax, will be recognized prior to the dispatch of products as the Company satisfies the contractual performance obligations for those contracts. The Company has concluded that the units produced output method provides faithful depiction of the transfer of products or services as it recognizes the revenue on the basis of direct measurements of the value to the customer of the products or services transferred to date relative to the remaining products or services promised under the contract.

For all other contracts, the Company will continue to recognize revenue primarily on dispatch of the products, net of any related customer rebates and cash discounts, excluding value added taxes.

When the Company sells its products with rebates and cash discounts based on cumulative sales over a period, such rebate and cash discount consideration is only recognized when it is highly probable that it will not be subsequently reversed and is recognized using the most likely amount depending on the individual contractual terms.

The Company has assessed that, based on historical information, the impact of any future product returns is insignificant to the financial statements. The Company's contracts with its customers do not entitle customers to refunds.

5.15 Contract assets

Contract assets represent revenue recognized over time based on production completed in accordance with the Company's revenue recognition policy. A provision for impairment of a contract asset will be recognized using an allowance matrix to measure the expected credit loss, based on historical actual credit loss experiences, adjusted for forward-looking information.

5.16 Cost of revenue

Cost of revenue includes direct costs of sales, including costs of materials and overheads directly attributable to revenue.

5.17 Selling and distribution and General and administrative expenses

Selling and distribution, general and administrative expenses and other expenses include direct and indirect costs not specifically part of the cost of revenues. Allocations between cost of revenue and other operating expenses are made consistently when required.

5.18 Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and the re-measurement of monetary items at year-end exchange rates are recognized in statement of profit or loss and other comprehensive income.

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6. PROPERTY, PLANT AND EQUIPMENT

Cost:	Buildings	Machines and equipment	Furniture and fixtures	Vehicles	Moulds	Capital work in Progress	Total
As at January 1, 2024	82,743,475	370,395,288	10,511,312	1,576,389	31,842,753	4,640,710	501,709,927
Additions during the year	570,295	3,798,887	548,715	105,100	4,501,834	56,603,330	66,128,161
Transferred to property, plant and equipment	-	20,526,318	-	-	-	(20,526,318)	-
Disposals during the year	-	(1,606,529)	(155,061)	(157,758)	(21,532,348)	-	(23,451,696)
As at December 31, 2024	83,313,770	393,113,964	10,904,966	1,523,731	14,812,239	40,717,722	544,386,392
Additions during the year	1,121,205	80,787	396,024	101,395	6,697,345	32,824,608	41,221,364
Transferred to property, plant and equipment	-	47,574,975	270,080	-	-	(47,845,055)	-
Disposals during the year	-	(2,357,319)	(34,959)	-	(5,361,457)	-	(7,753,735)
As at December 31, 2025	84,434,975	438,412,407	11,536,111	1,625,126	16,148,127	25,697,275	577,854,021
Accumulated depreciation:							
As at January 1, 2024	41,994,744	262,259,987	9,540,033	1,576,385	26,424,044	-	341,795,193
Depreciation for the year	1,994,053	23,379,275	370,976	24,085	3,789,732	-	29,558,121
Disposals during the year	-	(1,605,872)	(153,268)	(157,756)	(21,532,348)	-	(23,449,244)
Write offs during the year	-	-	-	-	-	-	-
As at December 31, 2024	43,988,797	284,033,390	9,757,741	1,442,714	8,681,428	-	347,904,070
Depreciation for the year	1,933,065	24,982,154	395,787	32,612	4,091,362	-	31,434,980
Disposals during the year	-	(2,357,319)	(34,959)	-	(5,361,457)	-	(7,753,735)
As at December 31, 2025	45,921,862	306,658,225	10,118,569	1,475,326	7,411,333	-	371,585,315
Net book value							
As at December 31, 2025	38,513,113	131,754,182	1,417,542	149,800	8,736,794	25,697,275	206,268,706
As at December 31, 2024	39,324,973	109,080,574	1,147,225	81,017	6,130,811	40,717,722	196,482,322

- Refer to note 17 for information on property, plant and equipment pledged as security by the Company.

- Additions in capital work in progress include the borrowing cost amounting to ﷲ 462,446 (2024: ﷲ 775,721).

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6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The depreciation expense for the year is allocated as follows:

	2025	2024
Cost of revenue (note 23)	31,034,410	29,177,739
Selling and distribution expenses (note 24)	50,218	48,818
General and administrative expenses (note 25)	350,352	331,564
	31,434,980	29,558,121

7. INVESTMENT PROPERTY

Investment property comprises of a piece of land situated in Dammam and being used for the purpose of earning rentals.

The fair market value of the land as at December 31, 2025 amounted to ﷲ 91.5 million (December 31, 2024: ﷲ 87 million), based on a valuation performed by Tebyan Alqima for Real Estate Valuation (2024: Tebyan Alqima for Real Estate Valuation) holding membership number 1210001686 (independent valuers accredited by Saudi Authority of Accredited Valuers).

Lease arrangement

The land has been leased to a tenant under operating lease with rentals payable annually. Lease income from the operating leases where the Company is a lessor is recognized as income on a straight-line basis over the lease term. Refer note 26 for the rental income earned on this land. Lease arrangement does not include variable lease payments that depend on an index or rate.

Minimum lease payments receivable on lease of investment property are as follows:

	December 31, 2025	December 31, 2024
Within 1 year	1,755,435	2,500,000
Between 1 to 2 years	2,625,000	2,625,000
Between 2 to 3 years	2,625,000	2,625,000
Between 3 to 4 years	2,756,250	2,756,250
Between 4 to 5 years	2,756,250	2,756,250
Later than 5 years	20,554,737	23,593,503
	33,072,672	36,856,003

8. INTANGIBLE ASSETS

	License (note 33.2)	Software	Total
Cost:			
As at January 1, 2025	-	-	-
Additions during the year	3,400,000	667,194	4,067,194
Impairment of intangible (note 26)	(1,462,000)	-	(1,462,000)
As at December 31, 2025	1,938,000	667,194	2,605,194
Accumulated amortisation:			
As at January 1, 2025	-	-	-
Amortisation for the year (note 25)	-	18,020	18,020
As at December 31, 2025	-	18,020	18,020
Net book value			
As at December 31, 2025	1,938,000	649,174	2,587,174
As at December 31, 2024	-	-	-

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9. RIGHT OF USE ASSETS AND LEASE LIABILITIES

The right of use assets and lease liabilities consist mainly of lease agreements for the plots of land with the Saudi Authority for Industrial Cities and Technology Zones (MODON) for a long term that has been used in establishing the factory for the manufacturing of glass bottles and the administration office.

	2025	2024
Right of use assets:		
Net book value at the beginning of the year	2,211,450	2,610,981
Addition during the year	-	-
Depreciation during the year (note 25)	(219,175)	(230,541)
Modification impact	-	(168,990)
Net book value at the end of the year	1,992,275	2,211,450
	2025	2024
Lease liability		
At the beginning of the year	2,335,552	2,906,685
Interest for the year (note 27)	170,271	164,233
Modification impact	-	(168,990)
Payments	(361,902)	(566,376)
At the end of the year	2,143,921	2,335,552
	2025	2024
Current portion	196,058	256,043
Non-current portion	1,947,863	2,079,509
	2,143,921	2,335,552

As of December 31, 2025, the Company has two lease contracts for land and building with MODON. The first contract for the land is for a period of 19 years, ending in 2032, and the second contract for the building is for a period of 17 years, ending in 2041. During 2024, the Company merged two land contracts into a single contract, cumulatively ending in 2032, which resulted in a modification of the lease liability.

10. INVESTMENTS IN JOINT VENTURES

The movement of investments in joint ventures during the year is as follows:

	Guardian Ras Al Khaimah	Gulf Guard	SNLEC	Total
As at January 1, 2024	240,118,412	272,824,905	1	512,943,318
Share of profit for the year	18,836,331	66,673,929	-	85,510,260
Share of comprehensive income	-	1,686,883	-	1,686,883
Dividend received during the year	(30,690,000)	(65,439,972)	-	(96,129,972)
As at December 31, 2024	228,264,743	275,745,745	1	504,010,489
Share of profit for the year	16,197,348	74,310,679	-	90,508,027
Share of comprehensive income	-	174,569	-	174,569
Dividend received during the year	(24,726,636)	-	-	(24,726,636)
As at December 31, 2025	219,735,455	350,230,993	1	569,966,449

The equity method of accounting for the investment in SNLEC has been discontinued as the Company's share of losses exceeded the investment's carrying value. The Board of Directors decided to liquidate SNLEC and it is under liquidation process.

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10. INVESTMENTS IN JOINT VENTURES (CONTINUED)**Guardian Ras Al Khaimah**

The principal activities are manufacturing of float glass and mirrors and production of reflective, coated and insulating glass. Below is summarized financial information represents interest in Guardian Ras Al Khaimah.

	December 31, 2025	December 31, 2024
Statement of financial position:		
Total assets	496,496,637	502,115,804
Total liabilities	96,977,627	87,088,999
Statement of comprehensive income:		
Net profit for the year	27,020,063	31,542,985

Reconciliation of the above summarized financial information to the carrying amount of the interest in joint venture recognized in these financial statements is presented below:

	December 31, 2025	December 31, 2024
Net assets of the joint venture	399,519,010	415,026,805
Proportion of the Company's ownership interest	55%	55%
Carrying amount of the Company's interest	219,735,455	228,264,743

Gulf Guard

The principal activities are the production of float glass, pattern glass, mirrors and coated glass. Below summarized financial information represents the Company's interest in Gulf Guard.

	December 31, 2025	December 31, 2024
Statement of financial position:		
Total assets	800,603,119	696,876,146
Total liabilities	176,691,699	199,762,186
Statement of comprehensive income:		
Net profit after zakat and tax	126,480,061	112,584,430
Other comprehensive income	317,399	3,067,060

Reconciliation of the above summarized financial information to the carrying amount of the interest in joint venture recognized in these financial statements is presented below:

	December 31, 2025	December 31, 2024
Net assets of the joint venture	623,911,420	497,113,960
Income tax expense associated to other joint venturer	12,872,204	4,241,940
Adjusted net assets of the joint venture	636,783,624	501,355,900
Proportion of the Company's ownership interest	55%	55%
Carrying amount of the Company's interest	350,230,993	275,745,745

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11. INVENTORIES

	December 31, 2025	December 31, 2024
Finished goods	21,542,402	7,313,369
Spare parts	9,781,993	10,512,811
Raw materials	6,324,725	2,973,733
Consumable items	2,904,884	2,237,038
Packing materials	570,364	463,578
Gross value of inventories	41,124,368	23,500,529
Provision for non-moving or slow-moving inventories	(787,124)	(683,401)
Net value of inventories	40,337,244	22,817,128

Movement in provision for inventories is as follows:

	2025	2024
At the beginning of the year	683,401	3,995,494
Charged during the year	939,732	671,183
Written off during the year	(836,009)	(3,983,276)
At the end of the year	787,124	683,401

12. PREPAYMENTS AND OTHER DEBIT BALANCES

	December 31, 2025	December 31, 2024
Supplier advances	1,193,572	1,012,848
Prepayments	1,521,534	876,771
Accrued rental income	379,350	986,099
Deposits	349,220	633,712
	3,443,676	3,509,430

13. TRADE RECEIVABLES

	December 31, 2025	December 31, 2024
Trade receivables	53,456,935	52,385,030
Less: Provision for expected credit losses	(873,376)	(9,093,542)
	52,583,559	43,291,488

Movement in provision for expected credit losses is as follows:

	2025	2024
At the beginning of the year	9,093,542	7,617,352
Charge for the year	278,740	1,476,190
Written off during the year	(8,498,906)	-
At the end of the year	873,376	9,093,542

The ageing analysis of trade receivables is presented in note 32.

14. CASH AND CASH EQUIVALENTS

	December 31, 2025	December 31, 2024
Cash with banks (note 14.1)	15,211,199	11,400,453
Short-term deposit (note 14.2)	-	30,000,000
	15,211,199	41,400,453

14.1 The cash and cash equivalents disclosed above and in the statement of cash flows as of December 31, 2025 include ﷲ 4,273,356 (December 31, 2024: ﷲ 4,273,339) which are restricted and are therefore not available for general use by the Company.

14.2 This represents term deposit with a maturity of one month. Finance income earned from this deposit is recognized in the statement of profit or loss and other comprehensive income.

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15. SHARE CAPITAL

	December 31, 2025	December 31, 2024
Authorized, issued & paid up		
32,900,000 ordinary shares @ ﷲ 10 each and fully paid	329,000,000	329,000,000

16. STATUTORY RESERVE

In accordance with the Company's Bylaws, the Company formed a non-distributable statutory reserve by transferring 10% of the annual net profit until the statutory reserve balance reached 30% of its share capital. As the reserve has reached the minimum amount, the management has resolved to discontinue such transfers. The new Saudi Companies law which became effective on 19 January 2023 removed the requirement of maintaining a statutory reserve which existed in the previous law. On June 1, 2025, the General Assembly approved the transfer of statutory reserve to the retained earnings.

17. LOANS AND BORROWINGS

	December 31, 2025	December 31, 2024
Non-current portion of long-term loans:		
Banque Saudi Fransi	17,258,651	4,194,973
Saudi Industrial Development Fund	8,373,402	5,331,778
Saudi Investment Bank	-	8,899,728
Loans and borrowings – non-current	25,632,053	18,426,479
Current portion of long-term loans:		
Banque Saudi Fransi	2,465,522	599,282
Saudi Industrial Development Fund	1,828,181	1,196,404
Saudi Investment Bank	-	3,816,358
	4,293,703	5,612,044
Total loans and borrowings	29,925,756	24,038,523

Loan covenants

Under the terms of the borrowing facilities, the Company is required to comply with the following financial covenants:

- the working capital ratio not to be less than 1:1;
- the financial leverage ratio not to be more than 3:1; and

The non-compliance with any of the above stated covenants causes the outstanding long-term loans to become payable on demand by the lender.

The terms of Banque Saudi Fransi borrowings are as follows:

The Company has signed a AITawarroq / Murabaha Financing letter of agreement of ﷲ 56,200,000 for multipurpose financing, forex variation and capital expenditures.

The facility for capital expenditure is charged at SAIBOR + predetermined rate per annum on utilized balance under AITawarroq. As of December 31, 2025, the utilized balance of the capital expenditure facility is ﷲ 19,724,173 (December 31, 2024: ﷲ 4,794,255).

The Company has issued an order note of ﷲ 56,200,000 effective from the signing of the financing letter of agreement dated June 18, 2025.

The terms of Saudi Industrial Development funds are as follow:

The Company had obtained a long-term loan facility of ﷲ 15,300,000 for efficiencies in its production lines of glass bottles at a cost of processing charges and follow up charges determined by the lender based on certain evaluations.

The facility has a carrying amount of ﷲ 10,201,583 as of December 31, 2025 (December 31, 2024: ﷲ 6,528,182). The loan has been taken against mortgage of property, plant and equipment of the Company, except for land, which will be released after satisfaction of the obligations under the loan agreement. The Company has issued an order note against this loan effective from signing of the facility.

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17. LOANS AND BORROWINGS (CONTINUED)**The terms of Bank Al Inma are as follow:**

The Company has signed a AlTawarroq / Murabaha Financing letter of agreement of ﷲ 75,000,000 for capital expenditure including working capital facility.

The facility for capital expenditure is charged at SAIBOR + predetermined rate per annum on utilized balance under AlTawarroq. No balance has been utilized as of December 31, 2025.

The terms of Saudi Investment Bank are as follow:

The Company has signed a Murabaha / Tawaruq facilities letter of agreement for ﷲ 30,849,783 out of which ﷲ 20,849,783 is for capital expenditure and ﷲ 10,000,000 for working capital at SAIBOR + predetermined rate per annum. As of December 31, 2025, these facilities have carrying amounts of nil (2024: ﷲ 12,716,085) for capital expenditure. During the year, the facility was fully repaid under the early payment option without incurring any penalty.

18. EMPLOYEES' END OF SERVICE BENEFITS

The movement in employee's end of service benefits' during the year is as follows:

	2025	2024
At the beginning of the year	6,250,476	6,089,128
Service cost	839,011	751,812
Finance cost (note 27)	337,175	275,907
Costs recognized in profit or loss	1,176,186	1,027,719
Benefits paid to outgoing members	(2,249,363)	(909,732)
Remeasurement loss recognized in OCI	127,325	43,361
At the end of the year	5,304,624	6,250,476

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	2025	2024
Discount rate	4.50%	5.30%
Long term salary increase rate	4.00%	4.80%
Employees' turnover rate	Heavy	Heavy

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	2025	2024
Discount rate +0.5%	5,184,496	6,131,458
Discount rate -0.5%	5,431,130	6,375,116
Long term salary increases +0.5%	5,387,463	6,332,884
Long term salary increases -0.5%	5,210,125	6,171,342

Analysis of remeasurement loss recognized in other comprehensive income during the year:

	2025	2024
Due to change in financial assumptions	71,357	(118,945)
Due to change in demographic assumptions	-	42,503
Due to change in experience adjustments	55,968	119,803
	127,325	43,361

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19. ACCRUED EXPENSES AND OTHER CREDIT BALANCES

	December 31, 2025	December 31, 2024
Deposits from customers	4,193,299	3,725,703
Accrued supplier	3,821,035	-
Bonus to board of directors and other committees	2,694,932	2,564,932
Accrued employee benefits	1,747,710	1,486,559
Utilities	507,579	1,233,942
Accrued interest	270,224	602,814
Accrued professional fee	390,000	225,000
Freight	227,346	196,853
Value added tax payable	161,378	90,834
Withholding taxes payable	-	98,347
Other liabilities	1,159,735	1,275,864
	15,173,238	11,500,848

20. ZAKAT**Zakat calculation**

	December 31, 2025	December 31, 2024
Net profit before Zakat	83,370,159	99,956,940
Adjustments on the net profit	-	144,432
Net adjusted profit	83,370,159	100,101,372
Additions	876,477,290	705,208,990
Deductions	(795,596,597)	(718,217,072)
Zakat base	80,880,693	87,093,290
Minimum limit of zakat base	83,370,159	100,101,372
Accrued Zakat for the Company	2,149,019	2,587,366
Accrued Zakat for Guardian Ras Al Khaimah	2,327,695	2,596,464
Total	4,476,714	5,183,830

The main elements of the Zakat base for Guardian Zoujaj International Float Glass Company LLC (Guardian Ras Al Khaimah):

	December 31, 2025	December 31, 2024
The Funds subject to Zakat	431,469,652	439,225,654
Funds deducted from the base	(298,684,763)	(290,589,327)
Zakat base	132,784,889	148,636,327
Adjusted profits	28,023,282	34,006,156
Total Zakat base	160,808,171	182,642,483
The Company's share in the Zakat base (55%)	88,444,494	100,453,366
Accrued Zakat	2,327,695	2,596,464

Movement during the year:

	December 31, 2025	December 31, 2024
As at the beginning of the year	6,165,095	9,905,764
Zakat expense for the year:		
Charge for the year	4,476,714	5,183,830
Adjustment of excess provision from prior year	(1,015,576)	(2,058,451)
Net zakat expense for the year	3,461,138	3,125,379
Payment during the year	(5,149,519)	(6,414,028)
Adjustment from zakat deposit	-	(452,020)
As at the end of the year	4,476,714	6,165,095

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20. ZAKAT (CONTINUED)**Zakat status:**

The Company has filed its Zakat returns with Zakat, Tax and Customs Authority ("ZATCA") and obtained Zakat certificates up to the year 2024. The Company finalized its Zakat position with ZATCA till the year ended 2023.

21. DIVIDENDS PAYABLE

	<u>2025</u>	<u>2024</u>
At the beginning of the year	14,645,808	14,553,797
Declared during the year	16,450,000	65,800,000
Payment during the year	(16,428,455)	(65,707,989)
At the end of the year	14,667,353	14,645,808

During the year, a dividend of ﷲ 0.5 per share is declared on 07 Rabi Al-Awal 1447H (Corresponding to 31 August 2025G).

22. REVENUE FROM CONTRACTS FROM CUSTOMERS

The company generates revenue from contracts with customers through production and sale of glass bottles.

Timing of revenue recognition

	<u>2025</u>	<u>2024</u>
Over a period of time	101,381,897	113,286,945
At a point in time	27,186,383	25,643,498
	128,568,280	138,930,443

Assets and liabilities related to contracts with customers

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Trade receivables (note 13)	52,583,559	43,291,488
Contract assets related to revenue recognised over a period of time	12,685,887	14,256,244
Contract liabilities	905,302	144,038

23. COST OF REVENUE

	<u>2025</u>	<u>2024</u>
Depreciation of property, plant and equipment (note 6)	31,034,410	29,177,739
Materials consumed	28,432,431	35,825,411
Salaries and wages	22,588,862	18,429,331
Utility expense	17,181,838	14,930,461
Repair and maintenance	6,600,577	5,025,214
Provision against inventory (note 23.1)	1,325,932	795,266
Others	689,073	765,908
	107,853,123	104,949,330

23.1 This includes finished goods written down by ﷲ 386,200 (2024: nil) to their net realisable value in accordance with International Accounting Standard 2 (IAS 2).

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24. SELLING AND DISTRIBUTION EXPENSES

	2025	2024
Transportation expense	5,867,905	5,264,319
Rental expense	1,580,750	167,392
Salaries and wages	852,040	654,359
Depreciation of property, plant and equipment (note 6)	50,218	48,818
Other miscellaneous expense	707,559	137,447
	9,058,472	6,272,335

25. GENERAL AND ADMINISTRATIVE EXPENSES

	2025	2024
Salaries and wages	6,930,909	6,331,609
Directors' expense	2,832,123	2,710,321
Subscription and fees	1,310,222	640,373
Legal and professional fee (note 25.1)	814,500	776,904
Repair and maintenance	427,057	793,863
Depreciation of property, plant and equipment (note 6)	350,352	331,564
Utility expense	265,166	262,852
Depreciation on right of use assets (note 9)	219,175	230,541
Amortisation of intangible assets (note 8)	18,020	-
Other miscellaneous expense	1,965,061	1,658,781
	15,132,585	13,736,808

25.1 This includes external auditors' contracted remuneration as follows:

	2025	2024
Annual audit fees of the Company	370,000	370,000
Quarterly review fees of the Company	120,000	120,000
	490,000	490,000

26. OTHER INCOME, NET

	2025	2024
Rental income	2,762,816	2,762,816
Scrap sales	234,968	735,458
Gain on disposal of property, plant and equipment	120,435	171,761
Provision against exploration license (note 33.2)	(1,462,000)	-
Others – net	364,099	(264,943)
	2,020,318	3,405,092

27. FINANCE COST

	2025	2024
Interest on loans and borrowings	781,359	654,737
Foreign currency exchange loss	363,433	359,315
Interest on employees' end of service benefits (note 18)	337,175	275,907
Interest on lease liabilities (note 9)	170,271	164,233
	1,652,238	1,454,192

28. RELATED PARTY TRANSACTIONS

Related parties include joint ventures and key management personnel of the Company. The Company in the normal course of business carries out transactions with its related parties. Related parties' transactions are carried out on an arm's length basis and conditions approved either by the Company or its Board of Directors.

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28. RELATED PARTY TRANSACTIONS (CONTINUED)

Apart from the dividends received from joint ventures as disclosed in note 10, the transactions carried out with the related parties during the year only comprise of the remuneration and other allowances of the key management personnel. Members of the Board of Directors receive an attendance allowance for Board and Board Committee meetings as well as annual Bonus. The top six Senior Executives, including the Chief Executive Officer and the Chief Financial Officer, receive remuneration according to the employment contracts signed with them. The following table illustrates details of remuneration and compensation of directors and key management personnel:

	2025	2024
Annual bonus	2,594,932	2,464,932
Salaries	2,041,732	2,102,700
Other allowances	906,364	901,253
Compensation for attending meetings	333,241	327,507
End of service benefits	156,970	247,758
	6,033,239	6,044,150

29. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit for the year attributable to shareholders of the Company over the weighted average number of outstanding ordinary shares during the year.

There were no diluted shares outstanding at any time during the year, therefore, the diluted earnings per share is equal to the basic earnings per share.

	December 31, 2025	December 31, 2024
Net profit attributable to the shareholders of the Company	83,660,329	96,831,561
Weighted average number of outstanding shares during the year	32,900,000	32,900,000
Basic and diluted earnings per share	2.54	2.94

30. CONTINGENCIES & COMMITMENTS

The Company has provided letters of guarantee amounting to ﷲ 21,212 (December 31, 2024: ﷲ 795,434) and letters of credit amounting to ﷲ 38,069,856 (December 31, 2024: ﷲ 10,523,831) in relation to its operations.

The Company had capital commitments amounting to ﷲ 33,326,001 (2024: ﷲ 4,637,928) in respect of enhancement in the production lines and furnace rebuild.

31. SEGMENT INFORMATION

A segment is a separate and distinct part of the Company that engages in business activities from which it may earn revenues and incur expenses. The operating segments are disclosed on the basis of internal reports that are reviewed by the chief operating decision-maker, who is responsible for allocating resources, assessing performance and making strategic decisions about the operating segments. The operating sectors that show similar economic characteristics, products, services, and similar customer categories, whenever possible, are grouped and recorded as segments that are reported in accordance with IFRS - 8 "Operating Segments".

The principal activity of the Company is production and sale of glass bottles. As of December 31, 2025, the company has one reportable segment i.e. Riyadh factory.

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31. SEGMENT INFORMATION (CONTINUED)

The following is a summary of annual revenue inside and outside the Kingdom of Saudi Arabia:

	2025	2025	2024	2024
	ﷲ	%	ﷲ	%
Inside the Kingdom of Saudi Arabia	93,105,095	72%	89,283,188	64%
Outside the Kingdom of Saudi Arabia	35,463,185	28%	49,647,255	36%
	128,568,280	100%	138,930,443	100%

32. FINANCIAL INSTRUMENTS

The Company is exposed through its operations to the following financial risks:

- Credit risk
- Commission rate risk
- Currency risk; and
- Liquidity risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies, and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Principal financial instruments

The principal financial instruments used by the Company, from which financial instrument risk arises, are as follows:

- Contract assets
- Trade receivables
- Cash and cash equivalents
- Trade payables
- Loans and borrowings
- Lease liabilities
- Other debit and credit balances

Fair value and fair value hierarchy

The Company measures financial instruments at fair value at each statement of financial position date wherever such measurement is required by applicable financial reporting framework or the Company has a choice and it has chosen to do so under permitted accounting policies or where the Company is required to disclose the fair value in these financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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32. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value and fair value hierarchy (Continued)

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the asset's highest and best use or by selling it to another market participant that would utilize the asset in its highest and best use. The Company 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. This is 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.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing 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 Company determines the policies and procedures for both recurring fair value measurement and non-recurring measurement. External valuers are involved in the valuation of significant assets. The involvement of external valuers is decided by the Company after discussion with the Company's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Company decides, after discussions with its external valuers, which valuation techniques and inputs to use for each case.

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

As of December 31, 2025 and 2024, all financial assets and liabilities are carried out at amortised cost. There are no financial instruments being carried at fair value in these financial statements.

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32. FINANCIAL INSTRUMENTS (CONTINUED)

General objectives, policies and processes

The Board has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The Board receives monthly reports from the Company's Finance Manager through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below:

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is mainly exposed to credit risk from credit sales. It is the policy of the Company, implemented locally, to assess the credit risk of new customers before entering contracts. Such credit ratings are taken into account by local business practices.

The Company has established a credit policy under which each new customer is analyzed individually for credit worthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from the General Manager.

The Company determines concentrations of credit risk by quarterly monitoring the creditworthiness rating of existing customers and through a monthly review of the trade receivables' ageing analysis. In monitoring the customers' credit risk, customers are grouped according to their credit characteristics. Customers that are graded as "high risk" are placed on a restricted customer list, and future credit sales are made only with payment in advance.

Credit risk also arises from cash balances maintained with banks and financial institutions.

The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognized at the reporting date, as summarized below:

	December 31, 2025	December 31, 2024
Contract assets	12,685,887	14,256,244
Trade receivables	52,583,559	43,291,488
Cash and bank balances	15,211,199	41,400,453
Other debit balances	728,570	1,619,811
	81,209,215	100,567,996

The carrying amount of financial assets represents the maximum credit exposure. Credit risk on receivable and bank balances is limited as:

- Cash balances are held with banks with sound credit ratings.
- Trade receivables and contract assets are shown net of allowance for impairment of loss.

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32. FINANCIAL INSTRUMENTS (CONTINUED)**General objectives, policies and processes (Continued)****Credit risk (Continued)**

The Company manages credit risk with respect to receivables from customers by monitoring in accordance with defined policies and procedures. The Company seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and by monitoring outstanding receivables on an ongoing basis. Trade receivables outstanding balance as at December 31, 2025, comprises of 80% from customers within the Kingdom of Saudi Arabia (December 31, 2024: 84%) and 20% from customers outside the Kingdom of Saudi Arabia (December 31, 2024: 16%). The ageing of trade receivables into different age brackets and corresponding expected credit losses at the year ends were as follows:

December 31, 2025

	Gross carrying value	Expected credit losses	Net carrying value
Neither past due nor impaired	25,191,586	53,454	25,138,132
Past due 1-90 days	18,023,297	98,063	17,925,234
Past due 91-180 days	7,459,550	235,226	7,224,324
Past due 181-270 days	2,224,690	383,559	1,841,131
Past due 271-360 days	109,444	49,733	59,711
Past due over 360 days	448,368	53,341	395,027
Total	53,456,935	873,376	52,583,559

December 31, 2024

	Gross carrying value	Expected credit losses	Net carrying value
Neither past due nor impaired	29,740,584	56,618	29,683,966
Past due 1-90 days	11,166,749	64,903	11,101,846
Past due 91-180 days	1,716,567	64,444	1,652,123
Past due 181-270 days	816,113	164,580	651,533
Past due 271-360 days	352,617	158,207	194,410
Past due over 360 days	8,592,400	8,584,790	7,610
Total	52,385,030	9,093,542	43,291,488

The Company monitors the credit ratings of counterparties regularly and at the reporting date does not expect any losses from non-performance by the counterparties. For all financial assets to which the impairment requirements have not been applied, the carrying amount represents the maximum exposure to credit loss.

Commission rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's borrowing which expose the Company to cash flow interest rate risk.

The Company analyses the interest rate exposure on a quarterly basis. A sensitivity analysis is performed by applying a simulation technique to the liabilities that represent major interest-bearing positions.

If interest rates borrowings had been 100 basis points higher/lower with all other variables held constant, the interest expense would have been higher/lower by ﷲ 7,814 (2024: ﷲ 6,547) mainly because of higher interest expense on floating rate borrowings.

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32. FINANCIAL INSTRUMENTS (CONTINUED)**General objectives, policies and processes (Continued)****Currency risk**

Currency risk is the risk that the value of the financial instruments will fluctuate due to changes in the foreign exchange rates. Currency risk arises from recognized assets and liabilities which are denominated in currency that is not the Company's functional currency. The Company does not believe that it is substantially exposed to currency risk as the majority of the Company's transactions and balances are denominated in Saudi Riyals or U.S. Dollar. The Company's functional currency is pegged to U.S. Dollar. The Company's transactions in currencies other than the Saudi Riyals or U.S. Dollars are not significant.

Liquidity risk

Liquidity risk represents the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities.

The Company's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to meet the obligations, monitoring of liquidity ratios and maintaining debt financing plans.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the financial position date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

December 31, 2025

	Carrying amount	Up to 1 year	More than 1 year and up to 5 years	More than 5 years	No fixed maturity	Total
Loans and borrowings	29,925,756	4,465,522	26,298,651	-	-	30,764,173
Lease liabilities	2,143,921	361,902	1,809,509	1,197,200	-	3,368,611
Trade payables	15,935,076	15,935,076	-	-	-	15,935,076
Accrued expenses and other credit balances	15,173,238	13,563,833	-	-	1,609,405	15,173,238
Total	63,177,991	34,326,333	28,108,160	1,197,200	1,609,405	65,241,098

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32. FINANCIAL INSTRUMENTS (CONTINUED)**General objectives, policies and processes (Continued)****Liquidity risk (Continued)****December 31, 2024**

	Carrying amount	Up to 1 year	More than 1 year and up to 5 years	More than 5 years	No fixed maturity	Total
Loans and borrowings	24,038,523	6,017,795	19,942,978	-	-	25,960,773
Lease liabilities	2,335,552	242,182	1,447,608	1,921,004	-	3,610,794
Trade payables	13,612,052	13,612,052	-	-	-	13,612,052
Accrued expenses and other credit balances	11,500,848	10,152,322	-	-	1,348,526	11,500,848
Total	51,486,975	30,024,351	21,390,586	1,921,004	1,348,526	54,684,466

Capital management

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitor the return on capital employed and the level of dividends to shareholders.

The Company's objectives when managing capital are:

- to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- to provide and adequate return to shareholders.

Consistent with the others in the industry, the Company monitors capital on the basis of gearing ratio. This ratio is calculated as net debt divided by total equity. The Company's gearing ratio as of the year end of the reporting year was as follows:

	December 31, 2025	December 31, 2024
Loans and borrowings	29,925,756	24,038,523
Lease liabilities	2,143,921	2,335,552
Less: cash and cash equivalents*	(10,937,843)	(37,127,114)
Net debt	21,131,834	(10,753,039)
Total equity	821,544,185	754,286,612
Gearing ratio	3%	-

*Cash and cash equivalents exclude the amount of restricted cash that is not available for general use by the Company (note 14).

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33. MAJOR EVENTS

- 33.1** During the year, a fire incident occurred in one of the production lines at the Company's factory in Riyadh, causing limited damage to certain machinery. The estimated loss including potential business interruption is fully covered under the Company's insurance policy, and the Company is under the necessary procedures with the insurance provider to process the claim.
- 33.2** As described in Note 1, the Company acquired 100% ownership of Silica Mining Company during the period. Although the legal formalities of the transfer have been completed, the transaction is subject to dispute due to the claims related to the licensed land. The Company was served a litigation claim of ﷲ 3.4 million filed by the original owner of Silica Mining Company demanding the payment of full transaction price. A final judgment was issued by the Court of Appeal on November 12, 2025, declaring that the Company shall pay an amount of ﷲ 3.4 million to the Plaintiff. The Court of Appeal also decided that the Company retains its right to file an independent case seeking rescission of the sale contract and the recovery of the price of the shares.

The Company filed a lawsuit, seeking the rescission of the purchase contract in connection with the sale of shares in Silica Mining Company to the Company and obligating the Defendant to refund the purchase price in connection with the sale of the shares in Silica Mining Company, for reasons that the Company considers valid and leading to the invalidity of the sale after the Company became aware of the existence of encroachments by third parties on the land relating to the mining license of Silica Mining Company. On January 18, 2026, the Court of First Instance issued its judgment rejecting the Company's claim.

Accordingly, on February 17, 2026, the Company filed an appeal against the judgment. The case has been registered before the Court of Appeal, which is currently pending before the Court.

The Company engaged an independent surveyor to assess the licensed land and to determine the portion that is undisputed. Based on surveyor's assessment, the Company has recognized the intangible asset representing the exploration license only for the undisputed portion, at a cost of ﷲ 1.94 million. The remaining portion, which is subject to dispute, provided for in the current year.

34. SUBSEQUENT EVENTS

Other than those disclosed in note 33.2, below are the events held subsequent to year end:

- The Board of Directors of the Company approved the distribution of cash dividends to the shareholders of the Company amounting to SR 24.68 million at SR 0.75 per share.
- The shareholders of Guardian Zoujaj International Float Glass Company LLC announced dividends totaling SR 44.96 million, with the Company's share amounting to SR 24.73 million

35. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements have been approved by the Board of Directors on Shawwal 5, 1447H (corresponding to March 24, 2026G).