

Rights Issue Prospectus for-Saudi Vitrified Clay Pipe Company

Saudi Vitrified Clay Pipe Company is a Saudi joint stock company pursuant to the Ministerial Resolution No. (3489) dated 02/11/1427H (corresponding to 23/11/2006G)

and Commercial Registration No. (1010014993) issued in the city of Riyadh on 08/03/1398H (corresponding to 16/02/1978G).

Offering of eight million (8,000,000) ordinary shares at an offer price of ten (10) Saudi Riyals per share through the issuing rights with a total value of eighty million (80,000,000) Saudi Riyals, representing an increase in the Company's capital from one hundred and fifty million (150,000,000) Saudi Riyals divided into fifteen million (15,000,000) ordinary shares, to two hundred and thirty million (230,000,000) Saudi Riyals divided into twenty-three million (23,000,000) ordinary shares, i.e. an increase in the Company's current capital by 53.33%.



الشركة السعودية لإنتاج الأنابيب الفخارية
SAUDI VITRIFIED CLAY PIPE CO.

Trading Period: Starts from **/**/****H (corresponding to **/**/****G) and ends on **/**/****H (corresponding to **/**/****G)

Subscription period: Starts from **/**/****H (corresponding to **/**/****G) and ends on **/**/****H (corresponding to **/**/****G)

Saudi Vitrified Clay Pipe Company (hereinafter referred to as «SVCP» or «the Company») was established as a limited liability company under the Articles of Association issued on 29/12/1397H (corresponding to 10/12/1977G), under Commercial Registration No. (1010014993) dated 08/03/1398H (corresponding to 16/02/1978G) with a capital of (20,000,000) twenty million Saudi Riyals. Saudi Vitrified Clay Pipe Company was transformed into a joint stock company pursuant to Ministerial Resolution No. (3489) dated 02/11/1427H (corresponding to 23/11/2006G) with a capital of (150,000,000) one hundred and fifty million Saudi Riyals, divided into (15,000,000) fifteen million ordinary shares, with a nominal value of (10) ten Saudi Riyals per share. On 09/05/1428H (corresponding to 26/05/2007G), the Company's shares were listed on the Saudi Stock Exchange totaling to (15,000,000) fifteen million ordinary shares, with a nominal value of (10) ten Saudi Riyals per share, with a capital of (150,000,000) one hundred and fifty million Saudi Riyals.

The Company's head office is located in the Al-Aqaria «Al-Sitteen» Building - Salah Al-Din Al-Ayyubi Road, Al-Zahraa District, Riyadh - Kingdom of Saudi Arabia. The Company's current capital is (150,000,000) one hundred and fifty million Saudi Riyals, divided into (15,000,000) fifteen million ordinary shares with a nominal value of (10) ten Saudi Riyals per share (each of which is referred to as a «Current Share» and collectively as «Current Shares»), all of which are fully paid. There are no Substantial Shareholders among the Company's shareholders who own 5% or more of its shares.

The Board of Directors of the Company, in its meeting held on 02/02/1446H (corresponding to 06/08/2024G), recommended increasing the Company's capital by a total amount of (80,000,000) eighty million Saudi Riyals, through a rights issue. Accordingly, the Company's capital will be increased from (150,000,000) one hundred and fifty million Saudi Riyals to (230,000,000) two hundred and thirty million Saudi Riyals, after obtaining the necessary regulatory approvals and the approval of the Extraordinary General Assembly.

On the date **/**/****H (corresponding to **/**/****G), the Company's Extraordinary General Assembly approved increasing the Company's capital from (150,000,000) one hundred and fifty million Saudi Riyals divided into (15,000,000) fifteen million ordinary shares, to (230,000,000) two hundred and thirty million Saudi Riyals divided into (23,000,000) twenty-three million ordinary shares, i.e. an increase in the Company's current capital by 53.33%, through a rights issue. The subscription consists of offering (8,000,000) eight million new ordinary shares (collectively referred to as «Rights» or «New Shares» and individually as «Right») at an Offering Price of (10) ten Saudi Riyals per share («Offering Price»), with a nominal value of (10) ten Saudi Riyals per share.

Rights will be issued as tradable securities (referred to collectively as «Rights» and individually as «Right») to shareholders who own shares at the end of trading on the day of the Extraordinary General Assembly that includes the approval of the capital increase (referred to as «Eligibility Date») who are registered in the Company's Shareholders' Register with the Depository Center at the end of the second trading day following the day of the Extraordinary General Assembly that includes the approval of the capital increase on **/**/****H (corresponding to **/**/****G) (referred to collectively as «Registered Shareholders» and individually as «Registered Shareholder»), provided that such rights shall be deposited in the portfolios of the Registered Shareholders after convening the Extraordinary General Assembly, taking into consideration the settlement procedures of (0.533) right for each (1) share of the Company. Each right entitles grant its holder the eligibility to subscribe to one new share at the Offering Price.

Registered Shareholders and other general investors (referred to as «New Investors»), who may trade rights and subscribe to New Shares, will be able to trade and subscribe to the Rights Issue Shares in the Saudi Stock Exchange (referred to as «Tadawul» or «Exchange»). The Trading Period and the Subscription Period shall commence three (3) working days after the date of approval by the Extraordinary General Assembly, which includes the approval of the capital increase that it is on **/**/****H (corresponding to **/**/****G), providing that Trading Period shall end on the day **/**/****H (corresponding to **/**/****G) («Trading Period»), while the Subscription Period continues until the end of **/**/****H (corresponding to **/**/****G), («Subscription Period»). It should be noted that the Trading Period and the Subscription Period will start on the same day, the Trading Period will end on the sixth day of the

start of the period, while the Subscription Period will end on the ninth day of the said period.

Registered Shareholders will be able to trade the Rights during the Trading Period by selling all or part of their acquired rights or by purchasing additional rights through the Exchange. They also have the right not to take any action regarding the rights they own.

New investors will also be able to purchase rights through the Exchange during the trading period and sell rights purchased during the trading period.

Subscription to the New Shares during the Subscription Period can be done via a single phase as follows:

1. During this period, all Registered Shareholders and New Investors will be able to subscribe to the New Shares.
2. A Registered Shareholder will be allowed to subscribe directly to the number of his shares or less than the number of his shares during the Subscription Period, and if he buys new rights, he will be allowed to subscribe to them after the end of the settlement period (two working days).
3. New Investors will be able to subscribe to the New Shares immediately after settlement of such shares (two business days).
4. Subscription will be available online through the investment portfolio in Tadawul platforms and applications that are used to submit purchase and sale orders. Additionally, subscription shall be available through other media and channels available at the broker, provided that the subscription to a number of New Shares entitled under the Rights in the investment portfolio is approved.
5. If there are any unsubscribed shares by the end of the Subscription Period (referred to as «Rump Shares»), those shares will be offered to a number of Institutional Investors (referred to as «Institutional Investors») and this Offering is referred to as a «Rump Offering»

Those Institutional Investors will submit their offers to buy the Rump Shares, and those offers will be received starting from 10:00 AM on **/**/****H (corresponding to **/**/****G) until 05:00 PM of **/**/****H (corresponding to **/**/****G) (referred to as «Rump Offering period»). The Rump Shares will be allocated to the Institutional Investors with the highest offer first, then the lowest and the lowest (provided that the offered price shall not fall below the Offering Price). Such shares shall be allocated on a pro rata basis, among the Institutional Investors that provided offers at the same price. As for fractional shares, they will be added to the Rump Shares and treated in a similar manner. The total Offering Price obtained from the Rump Offering process will be paid to the Company, and the remaining proceeds of the Rump Offering (if any) shall be distributed without providing for any fees or deductions (in excess of the Offering Price) to those entitled to them, each according to his entitlement, by a date no later than **/**/****H (corresponding to **/**/****G). Note that the investor who did not subscribe or sell his rights, and the holders of fractional shares, may not receive any consideration if the sale is made during the Rump Offering period at the Offering Price.

In the event that the Institutional Investors do not subscribe to all the Rump Shares and fractional shares, the remaining shares will be allocated to the Underwriter who will purchase them at the Offering Price (please see section (13) «Information Relating to the Shares and Offering Terms and Conditions»). Final allocation for the New Shares will be announced no later than **/**/****H (corresponding to **/**/****G) (referred to as «Allocation Date») (please see section (13) «Information Relating to the Shares and the Offering Terms and Conditions»).

Following completion of the Subscription process, the Company's capital will become (230,000,000) two hundred and thirty million Saudi Riyals, divided into (23,000,000) twenty-three million ordinary shares. The net Offering Proceeds will be used to support the Company's financial position, repay loans, and finance the expansion plans of its

subsidiaries. (For more information, please refer to Section (7-2) («Use of the Offering Proceeds») of this Prospectus.)

All of the Company's shares are of a single class, and no share gives its holder preferential rights. The New Shares will be fully paid and equal to the existing shares. Each share entitles its holder to one vote, and every shareholder of the Company (referred to as a «Shareholder») is entitled to attend and vote at the General Assembly of Shareholders (referred to as the «General Assembly») (whether Ordinary or Extraordinary). Holders of the New Shares will be entitled to any dividends declared by the Company after the date of issuance (if any).

On 09/05/1428H (corresponding to 26/05/2007G), the Company's shares were listed on the Exchange with a total of (15,000,000) fifteen million ordinary shares, with a nominal value of (10) ten Saudi Riyals per share, and a capital of (150,000,000) one hundred and fifty million Saudi Riyals. Four million five hundred thousand (4,500,000) ordinary shares were offered for public subscription at a nominal value of (10) ten Saudi Riyals per share, representing 30% of the Company's share capital. The Company's existing shares are currently traded on the Saudi Stock Exchange («Tadawul» or «the Market»). The Company has applied to the Capital Market Authority of the Kingdom of Saudi Arabia («the Authority») to register and offer the New Shares and has also submitted an application to the Exchange for listing acceptance. All required documents have been submitted, all relevant authorities' requirements have been met, and this Prospectus has been approved. Trading of the New Shares is expected to commence on the Market shortly after the allocation of the New Shares and the refund of the surplus (For further details, please refer to the «Important Dates for Subscribers» section). Trading in the New Shares, following their registration and listing acceptance, will be available to Saudi individuals, foreign individuals (whether resident or non-resident), citizens of GCC countries, companies, banks, and investment funds. Strategic foreign investors and foreign individuals and legal entities (whether resident or non-resident) will be able to trade the Company's shares in accordance with the regulations governing foreign investment in securities. Foreign investors are also entitled to trade shares after their listing on the market, provided they are clients of a financial market institution licensed by the Capital Market Authority (CMA) to conduct securities business (referred to as «Financial Market Institutions»). These institutions must be appointed under conditions that empower them to make all investment decisions on behalf of the client without requiring prior approval.

This Prospectus must be read in full and the «Important Notice» section on page (ii) and the «Risk Factors» section (2) of this Prospectus prior to making an investment decision related to the rights or New Shares

This Prospectus includes information provided as part of the application for registration and offer of securities in compliance with the Rules on the Offer of Securities and Continuing Obligations of the Capital Market Authority of the Kingdom of Saudi Arabia (the «Authority»), and the application for listing of securities in compliance with the Listing Rules of the Saudi Stock Exchange. The directors, whose names appear in this Prospectus, collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, according to their knowledge and belief, after conducting the possible studies and to the reasonable extent, there are no other facts that omission of which would make any statement herein misleading. The Authority and the Saudi Stock Exchange do not take any responsibility for the contents of this Prospectus, do not make any representation as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Prospectus.

This Prospectus was issued on 14/10/1447H (corresponding to 02/04/2026G)

Financial Advisor

الدخيل
Aldukheil

Lead Manager

مشاركة
Musharaka

Underwriter

wasatah capital
وساطة كابتال

Important Notice

This Prospectus («**Prospectus**») provides detailed information about the Company and the Rights Issue Shares offered for subscription. When applying for the Rights, subscribers will be treated as if their applications were based on the information contained in this Prospectus, a copy of which may be obtained from the Company's head office, the Lead Manager, or by visiting the Company's website (www.svcp-sa.com), the Capital Market Authority's website (www.cma.org.sa), the Financial Advisor's website (www.aldukheil.com.sa), or the Saudi Stock Exchange «**Tadawul**» website (www.saudiexchange.sa).

The Prospectus will be published and assured to be available to the public within a period not less than (14) days prior to the date of the Extraordinary General Assembly for the capital increase. In the event that the Extraordinary General Assembly fails to approve it within six (6) months from the date of the Authority's approval on registering and Offering the Right, CMA's approval shall be deemed void and null.

The Company has appointed Aldukheil Capital Group as the financial advisor for the Offering («**Financial Advisor**»), and has appointed Musharaka Capital Company as the lead manager («**Lead Manager**») and has appointed Wasatah Capital Company as the underwriter («**Underwriter**») (please see Section (11) («**Underwriting**») of this Prospectus for further information), in connection with the offering of rights to increase the Company's capital pursuant to this Prospectus.

The Prospectus contains information provided according to the requirements of the Rules on the Offer of Securities and Continuing Obligations issued by the Board of the Capital Market Authority («**the Authority**» or «**CMA**») in Saudi Arabia. The Directors whose names appear on page (E) collectively and individually bear the full responsibility for the accuracy of the information contained in the Prospectus, and confirm, according to their knowledge and belief, after conducting the possible studies and to the reasonable extent, there are no other facts that, not including them in the Prospectus, would make any statement contained therein misleading. The Capital Market Authority and the Saudi Stock Exchange Group (Tadawul) take no responsibility for the contents of this Prospectus, and they do not give any assurances regarding its accuracy or completeness, and they expressly disclaim any responsibility whatsoever for any loss resulting from the information mentioned in the Prospectus or from depending on any part thereof.

Although the Company has carried out all reasonable studies to verify the validity of the information contained in this Prospectus on the date of its issuance, a significant part of the information contained in this Prospectus related to the market and sector in which the Company operates has been obtained from external sources. Although the Company, its directors, or any of its advisors mentioned in pages (H) and (I) have no reason to believe that the information relating to the market or sector is inaccurate in its essence. However, the information has not been independently verified by the Company or its advisors. Therefore, no assurance or representation may be made regarding the accuracy or completeness of this information.

The information contained in the Prospectus as on the date of its issuance is subject to change, especially that the Company's financial position and the value of the shares may be negatively affected as a result of future developments such as inflation factors, interest rates, taxes, or other economic and political factors or other factors beyond the Company's control (please see Section (2) «**Risk Factors**» of this Prospectus). Neither the delivery of this Prospectus nor any verbal or written information related to the Offer Shares, or their interpretation or reliance on them, in any form, shall be considered as a promise, confirmation, or acknowledgment regarding the realization of any revenues, results, or future events.

This Prospectus shall not be considered as a recommendation by the Company, its board members, or any of its advisors to participate in the subscription process of the Rights. The information contained in the Prospectus is of a general nature and has been prepared without taking into account individual investment objectives, financial condition or special investment needs of the prospective investors in the Rights. Each recipient of the Prospectus, before making an investment decision, is responsible for obtaining professional advice from a Financial Advisor licensed by the CMA regarding the subscription to the New Shares to assess the suitability of this investment and the information contained in it for his goals, conditions and financial needs.

Registered Shareholders and other general investors («**New Investors**»), who may trade rights and subscribe to New Shares, will be able to trade and subscribe to the Right Issue Shares in the Saudi Stock Exchange («**Tadawul**» or «**Exchange**»). The Trading Period

and the Subscription Period starts on **/**/****H (corresponding to **/**/****G), providing that Trading Period shall end on the day **/**/****H (corresponding to **/**/****G) («**Trading Period**»), while the Subscription Period continues until the end of **/**/****H (corresponding to **/**/****G), («**Subscription Period**»). It should be noted that the Trading Period and the Subscription Period will start on the same day, the Trading Period will end on the sixth day of the start of the period, while the Subscription Period will end on the ninth day of the said period. Registered Shareholders will be able to trade the Rights during the Trading Period by selling all or part of their acquired rights or purchasing additional rights through the Exchange. They also have the right not to take any action regarding their existing rights. They also have the right not to take any action regarding the rights they own.

New investors will also be able to purchase rights through the Exchange during the trading period and sell rights purchased during the trading period.

Subscription to the New Shares during the Subscription Period can be done via a single phase as follows:

- 1- During this period, all Registered Shareholders and New Investors will be able to subscribe to the New Shares.
- 2- A Registered Shareholder will be allowed to subscribe directly to the number of his shares or less than the number of his shares during the Subscription Period, and if he/she buys new rights, he will be allowed to subscribe to them after the end of the settlement period (two working days).
- 3- New Investors will be able to subscribe to the New Shares immediately after settlement of such shares (two business days).
- 4- Subscription will be available online through the investment portfolio in Tadawul platforms and applications that are used to submit purchase and sale orders. Additionally, subscription shall be available through other media and channels available at the broker, provided that the subscription to a number of New Shares entitled under the Rights in the investment portfolio is approved.

If there are any unsubscribed shares by the end of the Subscription Period (referred to as «**Rump Shares**»), those shares will be offered to a number of Institutional Investors (referred to as «**Institutional Investors**») and this Offering is referred to as a «**Rump Offering**»). Those Institutional Investors will submit their offers to buy the Rump Shares, and those offers will be received starting from 10:00 AM on **/**/****H (corresponding to **/**/****G) until 05:00 PM of **/**/****H (corresponding to **/**/****G) (referred to as «**Rump Offering period**»). The Rump Shares will be allocated to the Institutional Investors with the highest offer first, then the lowest and the lowest (provided that the offered price shall not fall below the Offering Price). Such shares shall be allocated on a pro rata basis, among the Institutional Investors that provided offers at the same price. As for fractional shares, they will be added to the Rump Shares and treated in a similar manner. The total Offering Price obtained from the Rump Offering process will be paid to the Company, and the remaining proceeds of the Rump Offering (if any) shall be distributed without providing for any fees or deductions (in excess of the Offering Price) to those entitled to them, each according to his entitlement, by a date no later than **/**/****H (corresponding to **/**/****G). Note that the investor who did not subscribe or sell his rights, and the holders of fractional shares, may not receive any consideration if the sale is made during the Rump Offering period at the Offering Price.

In the event that the Institutional Investors do not subscribe to all the Rump Shares and fractional shares, the remaining shares will be allocated to the Underwriter who will purchase them at the Offering Price (please see section 13 «**Information Relating to the Shares and Offering Terms and Conditions**» of this prospectus). Final allocation for the New Shares will be announced no later than **/**/****H (corresponding to **/**/****G) (referred to as «**Allocation Date**») (please see section 13 «**Information Relating to the Shares and the Offering Terms and Conditions**» of this prospectus).

The offering of rights is subject to the shareholders' approval of the capital increase in accordance with the Board of Directors' recommendation and the Company obtaining the necessary regulatory approvals. On **/**/****H (corresponding to **/**/****G), an invitation was published for the Company's Extraordinary General Assembly to approve the capital increase through a Rights Issue. It is worth noting that if the shareholders' approval is not obtained in the General Assembly for the offering of Rights, the issuance of Rights will be suspended, this Prospectus will be deemed immediately void, and shareholders will be notified accordingly.

Industry and Market Information

The information and data relating to the Saudi economy, the clay pipe, concrete pipe, plastic pipe industries, and the market data contained in this Prospectus were obtained from a market research Advisor («**Euromonitor International Limited**»). Although there is no reason to believe that this information is materially inaccurate, the Directors, shareholders, and advisors have not independently verified the accuracy of this information and data, and therefore no clear statement or assurance can be given as to its accuracy and completeness.

Financial Information

The Company's audited financial statements for the fiscal years ending December 31, 2022G, and 2023G, and the audited consolidated financial statements for the fiscal year ending December 31, 2024G, and the unaudited consolidated financial statements for the financial period ended June 30, 2025G, and the accompanying notes, have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed in the Kingdom of Saudi Arabia and other pronouncements approved by the Saudi Organization for Chartered and Professional Accountants (SOCPA). The financial statements for the fiscal years ending December 31, 2022G, and 2023G were audited by RSM Allied Accountants, while the consolidated financial statements for the fiscal year ending December 31, 2024G, and the unaudited consolidated financial statements for the financial period ended June 30, 2025G, were audited by Yasser Zouman Al-Zouman, Khaled Fawzan Al-Fahad, and Zahir Abdullah Al-Hajjad CPA. The Company issues its financial statements in Saudi Riyals.

It should be noted that some of the financial and statistical information contained in this Prospectus has been rounded to the nearest whole number; therefore, if the numbers mentioned in some tables are summed, a slight difference may appear in the numbers mentioned in the tables compared to those mentioned in this Prospectus.

Forecasts and Forward-looking Statements

Forecasts set forth in this Prospectus have been prepared based on specific and announced assumptions based on the Company's market experience, as well as publicly available market information. The Company's future circumstances may differ from the assumptions used. Therefore, no affirmation, representation, or warranty is made regarding the accuracy or completeness of any of these forecasts. The Company confirms that the statements contained in this Prospectus were made with due professional care.

Certain statements in this Prospectus constitute «**forward-looking statements**». Such statements can generally be identified by their use of forward-looking words such as «**intends**», «**plans**», «**estimates**», «**believes**», «**expects**», «**anticipates**», «**may**», «**will**», «**should**», «**expected**», «**would be**» or the negative thereof, or other variations of such terms or comparable terminology. These forward-looking statements reflect the current views of the Company and those of its management with respect to future events but are not a guarantee of future performance. Many factors could cause the actual results, performance, or achievements of the Company to be significantly different from any future results, performance or achievements that may be expressed, or implied. Some of the risks and factors that could have such an effect are described in more detail in other sections thereof. (for further details, see Section 2 «**Risk Factors**» of this Prospectus). Should any of these risks or uncertainties materialize or any underlying assumptions prove to be incorrect or inaccurate, the Company's actual results may vary materially from those anticipated, estimated, planned, or assumed in this Prospectus.

Subject to the requirements of subparagraph (a) of Article Twenty-Nine (29) of the Rules on the Offer of Securities and Continuing Obligations, the Issuer must submit a supplementary prospectus to the Capital Market Authority if the issuer becomes aware at any time after the date of publication of this Prospectus and before the completion of the offering, of any of the following:

- 1- There has been a significant change in any material information contained in this Prospectus; or
- 2- The occurrence of additional significant matters which would have been required to be included in this Prospectus.

Except in the circumstances mentioned above, the Company does not intend to update or otherwise revise any information in this Prospectus, whether as a result of new information, future events or otherwise. As a result of the foregoing and other risks, assumptions and uncertainties, expectations of future events, and conditions set out in this Prospectus may not occur as expected by the Company or may not occur at all. Accordingly, potential investors should examine all future statements in the light of these interpretations and not rely primarily on these forward-looking statements.

Company's Directory

Members of the Company's Board of Directors

Name	Position	Nationality	Age	Capacity**	Direct Ownership % ⁽¹⁾	Indirect Ownership % ⁽²⁾	Membership Date*
Prince Faisal Bin Abdulaziz Bin Faisal AL Saud	Chairman of the Board of Directors	Saudi	79	Non-Executive	2.67%	-	18/10/2023G
Saad Saud Ibrahim AL Sayari	Deputy Chairman	Saudi	81	Executive	0.33%	-	18/10/2023G
Abdullah Sulaiman Abdulrahman AL Dhabaan	Board Member	Saudi	81	Non-Executive	0.0067%	0.77%	18/10/2023G
Suliman Nassir Jubran Al Hatlan Al Qahtani	Board Member	Saudi	53	Independent	0.000067%	-	18/10/2023G
Saleh Badr Al-Sanea ⁽³⁾	Board Member	Saudi	30	Independent	-	-	04/01/2026G
Ahmed Othman Abdullah Al Qasabi	Board Member	Saudi	64	Independent	-	-	18/10/2023G
Sulaiman Ali Al Abdullah Al Dakheel	Board Member	Saudi	63	Independent	0.0013%	-	18/10/2023G

Source: The Saudi Vitrified Clay Pipe Company

(1) The mentioned ownership percentages are approximate

(2) Member Abdullah Sulaiman Al Dhaban's indirect ownership results from his 50% ownership of Riyadh Investment Holding Company, a closed joint stock company, which owns 1.54% of the shares of Saudi Vitrified Clay Pipe Company.

(3) On 04/01/2026G, the Board of Directors appointed Saleh Bader Al-Sanea to the Board of Directors as a replacement for the resigning member, Muayyad Issa Al-Qurtas, until the end of the current Board term. This appointment will be presented to the first General Assembly meeting for approval.

* The dates indicated represent the dates of their appointment to their current positions.

** The following negates the independence according to the Corporate Governance Regulations:

- If he/she holds five percent or more of the shares of the Company or any other company within its group; or is a relative of who owns such percentage.
- If he/she is a relative of any member of the Board of the Company, or any other company within the Company's group;
- If he/she is a relative of any Senior Executive of the Company, or of any other company within the Company's group;
- If he/she is a Board member of any company within the group of the Company for which he/she is nominated to be a Board member.
- If he/she is an employee or used to be an employee, during the preceding two years, of the Company, of any party dealing with the Company or any company within its group, such as external auditors or main suppliers;
- If he/she has a direct or indirect interest in the business and contracts concluded on behalf of the Company.
- If the member of the Board receives financial consideration from the Company in addition to the remuneration for his/her membership of the Board or any of its committees exceeding an amount of (SAR 200,000) or 50% of his/her remuneration of the last year for the membership of the board or any of its committees, whichever is less.
- If he/she engages in a business where he competes with the Company, or conducting businesses in any of the Company's activities.
- If he/she served for more than nine years, consecutive or inconsecutive, as a Board member of the Company.

Senior Management Members

Name	Position	Nationality	Age	Direct Ownership % ⁽¹⁾	Indirect Ownership % ⁽¹⁾	Joining Date*
Saad Saud Ibrahim AL Sayari	CEO and Managing Director	Saudi	81	0.33%	-	18/10/2023G
Saud Saad AL Sayari	Deputy CEO and Board Secretary	Saudi	48	-	-	18/10/2023G
Ali Saeed Al Qahtani	General Manager	Saudi	48	-	-	01/02/2023G
Abdelkhalig Abdulla Babkeir Al-Hassan	CFO	Sudanese	52	-	-	01/03/2012G
Abdulaziz Anwar Ibrahim	Sales Manager	Jordanian	31	-	-	14/03/2021G
Saad Mani' Al-Qahtani	Administrative Affairs Manager	Saudi	40	-	-	01/12/2005G
Haitham Al-Shaer	Production and Maintenance Manager	Palestinian	36	-	-	01/04/2025G
Osama Abdulrahman	Quality Department Manager	Sudanese	34	-	-	01/04/2025G
Osama Ibrahim Al Anzi	Internal Audit Manager	Saudi	33	-	-	01/11/2025G

Source: The Saudi Vitrified Clay Pipe Company.

(1) The mentioned ownership percentages are approximate.

*The mentioned dates represent the dates of their appointment in their current positions.

Company Address and Representatives

Company's Address

Saudi Vitrified Clay Pipe Company

Riyadh, Salah al-Din al-Ayyubi Road
P.O. Box 2305, Riyadh 12812
Riyadh, Kingdom of Saudi Arabia
Tel: +966 (11) 4769192
Fax: +966 (11) 4782458
Website: www.svcp-sa.com
Email: svcp@svcp-sa.com



الشركة السعودية لإنتاج الأنابيب الفخارية
SAUDI VITRIFIED CLAY PIPE CO.

Company's Representatives

Saad Saud Ibrahim AL Sayari

Position: CEO and Managing Director
P.O. Box 2305, Riyadh 12812
Riyadh, Kingdom of Saudi Arabia
Tel: +966 (11) 4769192 Ext: 200
Fax: +966 (11) 4782458
Website: www.svcp-sa.com
Email: alsayari@svcp-sa.com

Suliman nassir Al Hatlan Al Qahtani

Position: Board Member
P.O. Box 2305, Riyadh 12812
Riyadh, Kingdom of Saudi Arabia
Tel: +966 (11) 4769192 Ext: 213
Fax: +966 (11) 4782458
Website: www.svcp-sa.com
Email: salhatlan@gmail.com

Board Secretary

Saud Saad AL Sayari

Board Secretary
P.O. Box 2305, Riyadh 12812
Riyadh, Kingdom of Saudi Arabia
Tel: +966 (11) 4769192 Ext: 209
Fax: +966 (11) 4782458
Website: www.svcp-sa.com
Email: saud@svcp-sa.com

Stock Exchange

Saudi Stock Exchange Company (Tadawul)

Tawuniya Towers, North Tower
King Fahd Road - Olaya 6897
Unit No: 15
Riyadh 12211 – 3388
Kingdom of Saudi Arabia
Tel: +966 920001919
Fax: +966 (11) 2189133
Website: www.saudiexchange.sa
Email: csc@saudiexchange.sa



Deposit Center

Securities Depository Center Company (Edaa)

King Fahd Road - Al Olaya 6897
Unit No.: 11
Riyadh 12211 - 3388
Kingdom of Saudi Arabia
Tel: +966 920026000
Fax: +966 (11) 2189133
Website: www.edaa.sa
Email: cc@edaa.com.sa



من مجموعة تداول السعودية
From Saudi Tadawul Group

Consultants and Auditors

Financial Advisor

Aldukheil Financial Group

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P.O. Box 2462 Riyadh 11451
Kingdom of Saudi Arabia
Tel: + 966 (11) 4309800
Fax: + 966 (11) 4787795
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E-mail: info@aldukheil.com.sa

الدخيل
Aldukheil

Legal Advisor to the Issuer

Mohammed Al Dhaban & Partners Eversheds Sutherland

Al-Oruba Road, Office Buildings Complex, Office No. 10-11
P.O. Box 245550, Riyadh 11312
Kingdom of Saudi Arabia
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Fax: +966 (11) 2816611
Website: www.aldhabaan-es.com
Email: Projectsummit@eversheds-sutherland.com

MOHAMMED ALDHABAAN
& PARTNERS
EVERSHEDS SUTHERLAND

Financial Due Diligence Advisor

Bakertilly Professional Consulting Company

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Kingdom of Saudi Arabia
Tel: +966 11 8351600
Fax: +966 11 8351601
Website: www.bakertilly.sa
Email: info@bakertilly.sa

 bakertilly

Legal Advisor to the Financial Advisor, Lead Manager and Underwriter

Anas Mohammed Al Sheikh Law Firm

Takhassusi Road, Al-Muhammadiyah District
P.O. Box 3488, Riyadh 12363
Kingdom of Saudi Arabia
Tel: +966 (11) 4559077
Email: info@amslawksa.com

AMS
ANAS M. ALSHEIKH
LAW FIRM

Market Research Advisor

Euromonitor International Limited Company

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United Kingdom
Tel: +44 20 72518024
Fax: +44 20 76083149
Website : www.euromonitor.com
Email: info@euromonitor.com

 EUROMONITOR
INTERNATIONAL

Underwriter and Lead Manager

Musharka Capital Company

Al Khobar – Prince Turki bin Abdulaziz Street – Adir Tower – 13th Floor
P.O. Box 712, Alkhobar 31952
Kingdom of Saudi Arabia
Tel: +966 13 80444644
Fax: +966 13 8818412
Website: www.musharaka.sa
Email: info@musharaka.sa



Underwriter

Wasatah Financial Company (Wasatah Capital)

Riyadh – Olaya Main Street, Al Muruj District
Building No. 7459, Secondary No. 2207
Postal Code 12283
Kingdom of Saudi Arabia
Tel: +966 11 494 4067
Fax: +966 11 494 4205
Website: www.wasatah.com.sa
Email: info@wasatah.com.sa



Certified Public Accountants (Auditors)

For the fiscal year ending December 31, 2024G and the financial period ending on 30 June 2025G

Yasser Zouman Al-Zouman, Khaled Fawzan Al-Fahad, and Zahir Abdullah Al-Hajjaj CPA

Anas bin Malik Road, Al-Yasmin District
P.O. Box 6499, Riyadh 13326
Kingdom of Saudi Arabia
Tel: +966 (11) 4180404
Website: www.ay-cpa.sa
Email: info@ay-cpa.sa



For the fiscal years ending December 31, 2022G and 2023G

RSM Allied Accountants

Riyadh - Al-Olaya District - Al-Orouba Road - Building 3193
P.O. Box 8335, Riyadh 12333
Kingdom of Saudi Arabia
Tel: +966 (11) 4169361
Fax: +966 (11) 4169349
Website: www.rsmsaudi.com
Email: info@rmsaudi.com



Disclaimer: The Legal Advisor and all of the above-mentioned Advisors have provided their written consent to mention their names and logos and to include their information in this Prospectus. None of the above-mentioned parties has withdrawn its approval up to the date of this Prospectus. None of the advisors or statutory auditors hold any shares or have any interest of any kind in the Company as at the date of this Prospectus.

Abstract of the Offering

Potential investors should read and review this Prospectus in its entirety before making any investment decision to subscribe for or trade in the Rights Issue Shares. In particular, it is essential to consider the provisions of the «**Important Notice**» section and Section (2) («**Risk Factors**») of this Prospectus. The following is a summary of the offering:

<p>Issuer's name, description, and Incorporation information</p>	<p>Saudi Vitriified Clay Pipe Company (hereinafter referred to as «SVCPC» or «the Company») was established as a limited liability company under the Articles of Association issued on 29/12/1397H (corresponding to 10/12/1977G), under Commercial Registration No. (1010014993) dated 08/03/1398H (corresponding to 16/02/1978G) with a capital of (20,000,000) twenty million Saudi Riyals. The Company was transformed into a joint stock company pursuant to Ministerial Resolution No. (3489) dated 02/11/1427H (corresponding to 23/11/2006G) with a capital of (150,000,000) one hundred and fifty million Saudi Riyals, divided into (15,000,000) fifteen million ordinary shares, with a nominal value of (10) ten Saudi Riyals per share. On 09/05/1428H (corresponding to 26/05/2007G), the Company's shares were listed on the Saudi Stock Exchange with a total of (15,000,000) fifteen million ordinary shares, each with a nominal value of (10) ten Saudi Riyals with a share capital of (150,000,000) one hundred fifty million Saudi Riyals. The Company's head office is located in the Al-Aqaria «Al-Sitteen» Building - Salah Al-Din Al-Ayyubi Road, Al-Zahraa District, Riyadh - Kingdom of Saudi Arabia. The Company's current capital is (150,000,000) one hundred and fifty million Saudi Riyals, divided into (15,000,000) fifteen million ordinary shares with a nominal value of (10) ten Saudi Riyals per share (each of which is referred to as a «Current Share» and collectively as «Current Shares»), all of which are fully paid. There are no Substantial Shareholders among the Company's shareholders who own 5% or more of its shares.</p>
<p>Issuer Activities</p>	<p>The Company's activities, as listed in its Commercial Registration, include the following:</p> <ol style="list-style-type: none"> 1. Quarry operation. 2. Pipe manufacturing. <p>The Company's activities, according to its Articles of Association, are as follows:</p> <ol style="list-style-type: none"> 1. Quarrying for the extraction of stones, sand, and clay. 2. Other mining and quarrying activities not elsewhere classified. 3. Manufacture of glass and glass products. 4. Manufacture of construction clay products. 5. Manufacture of various types of concrete, cement, and plaster. 6. Manufacture of other non-metallic mineral products not elsewhere classified. 7. Manufacture of construction metal products. 8. Sanitation. 9. Construction of utility projects. 10. Wholesale of machinery and other equipment. 11. Other types of retail sale in non-specialized stores. 12. Retail sale of other new goods in specialized stores. 13. Pipeline transportation. <p>Saudi Vitriified Clay Pipe Company's current activity is in the pipe and fittings industry. It operates through three main segments to ensure that it meets the needs of the local and international market with the highest quality standards. These segments are vitriified clay pipes, concrete pipes, and plastic pipes.</p> <p>The Company conducts its activities in accordance with applicable regulations and after obtaining the necessary licenses from the competent authorities, if any.</p>
<p>Substantial Shareholders, their number of shares, and their ownership percentages before the Offering</p>	<p>Shareholders own 5% or more of the Company's shares. As of the date of this Prospectus. However, the Company has no Substantial Shareholders.</p>
<p>Nature of Offering</p>	<p>Increasing the capital by issuing Rights.</p>
<p>Purpose of the proposed Rights Issue</p>	<p>By increasing its capital through a rights issue, the Company aims to finance expanding its subsidiaries through the purchase of machinery and equipment, equipping additional buildings and hangars, providing working capital, repaying financial obligations and loans, allocating an amount to support future activity, finance acquisition or expansion opportunities, and cover the Offering Costs.</p>

Total estimated proceeds and analysis and description of its proposed use	The total proceeds from the Rights Issue amount to (80,000,000) eighty million Saudi Riyals. Net proceeds are expected to reach approximately (70,800,000) seventy million eight hundred thousand Saudi Riyals after deducting Offering costs of approximately (9,200,000) nine million two hundred thousand Saudi Riyals. The Company intends to use the net proceeds to purchase machinery and equipment, equip additional buildings and hangars, and acquire working capital, as well as to repay financial obligations and loans. An amount will also be allocated to support future operations and finance acquisition or expansion opportunities, in addition to covering Offering costs. (For more information, please refer to Section (7) «Use of Offering Proceeds and Future Projects» of this Prospectus.) The proceeds will be used as detailed in the table below:																																																																																																																					
	<table border="1"> <thead> <tr> <th rowspan="2">Item</th> <th colspan="4">2026G</th> <th colspan="4">2027G</th> <th rowspan="2">Total</th> <th rowspan="2">Percentage</th> </tr> <tr> <th>Q1</th> <th>Q2</th> <th>Q3</th> <th>Q4</th> <th>Q1</th> <th>Q2</th> <th>Q3</th> <th>Q4</th> </tr> </thead> <tbody> <tr> <td>Purchase of machinery and equipment for Saudi Land Cement Products Factory</td> <td>-</td> <td>4,000,000</td> <td>4,000,000</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>8,000,000</td> <td>10.00%</td> </tr> <tr> <td>Purchase of machinery and equipment for Laffan Pipes Company</td> <td>-</td> <td>4,000,000</td> <td>-</td> <td>5,000,000</td> <td>6,000,000</td> <td>-</td> <td>-</td> <td>-</td> <td>15,000,000</td> <td>18.75%</td> </tr> <tr> <td>Preparation of additional buildings and hangars for Saudi Land Cement Products Factory</td> <td>-</td> <td>2,000,000</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>2,000,000</td> <td>2.50%</td> </tr> <tr> <td>Working capital for Laffan Pipes Company</td> <td>-</td> <td>3,800,000</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>3,800,000</td> <td>4.75%</td> </tr> <tr> <td>Repayment of financial obligations and loans</td> <td>-</td> <td>-</td> <td>13,754,000</td> <td>20,000,000</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>33,745,000</td> <td>42.18%</td> </tr> <tr> <td>Support for future activity and financing of acquisition or expansion opportunities</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>8,255,000</td> <td>-</td> <td>-</td> <td>-</td> <td>8,255,000</td> <td>10.32%</td> </tr> <tr> <td>Issuance costs</td> <td>-</td> <td>9,200,000</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>9,200,000</td> <td>11.50%</td> </tr> <tr> <td>Total</td> <td>-</td> <td>23,000,000</td> <td>17,745,000</td> <td>25,000,000</td> <td>14,255,000</td> <td>-</td> <td>-</td> <td>-</td> <td>80,000,000</td> <td>100.00%</td> </tr> </tbody> </table>											Item	2026G				2027G				Total	Percentage	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Purchase of machinery and equipment for Saudi Land Cement Products Factory	-	4,000,000	4,000,000	-	-	-	-	-	8,000,000	10.00%	Purchase of machinery and equipment for Laffan Pipes Company	-	4,000,000	-	5,000,000	6,000,000	-	-	-	15,000,000	18.75%	Preparation of additional buildings and hangars for Saudi Land Cement Products Factory	-	2,000,000	-	-	-	-	-	-	2,000,000	2.50%	Working capital for Laffan Pipes Company	-	3,800,000	-	-	-	-	-	-	3,800,000	4.75%	Repayment of financial obligations and loans	-	-	13,754,000	20,000,000	-	-	-	-	33,745,000	42.18%	Support for future activity and financing of acquisition or expansion opportunities	-	-	-	-	8,255,000	-	-	-	8,255,000	10.32%	Issuance costs	-	9,200,000	-	-	-	-	-	-	9,200,000	11.50%	Total	-	23,000,000	17,745,000	25,000,000	14,255,000	-	-	-	80,000,000	100.00%
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1- For further information regarding potential changes to the expected use of the proceeds of the offering mentioned in the table, please refer to Section 7-3 «Timeline for the Expected Use of Proceeds of the Offering and Potential Changes» of this Prospectus.																																																																																																																						
Offering Costs	The Company will bear all expenses related to the subscription to the Rights Issue shares, which are estimated to amount to approximately (9,200,000) nine million and two hundred thousand Saudi Riyals, and will be deducted from the total Offering Proceeds of (80,000,000) eighty million Saudi Riyals. These amounts include the fees of the Financial Advisor, Legal Advisor, Lead Manager and Underwriter, Market Research Advisor, marketing, printing and distribution expenses, and other related expenses. Note that this amount is an estimate. (Please see Section 7-2 «Use of the Offering Proceeds» of this Prospectus.)																																																																																																																					
Net Offering Proceeds	The net Offering Proceeds are expected to amount to approximately (70,800,000) seventy million and eight hundred thousand Saudi Riyals, after deducting all Offering Costs amounting to (9,200,000) nine million and two hundred thousand Saudi Riyals. (Please see Section 7-2 «Use of the Offering Proceeds» of this Prospectus.)																																																																																																																					
Substantial amendments to the information disclosed in the latest Prospectus	<p>The Capital Market Authority approved the Company's latest prospectus on 04/04/1428 H (corresponding to 21/04/2007G). The following is a summary of the material amendments to the information disclosed in the latest prospectus issued on 04/04/1428H (corresponding to 21/04/2007G):</p> <ul style="list-style-type: none"> The Company's accumulated losses, as of December 31, 2023G, amounted to (15,126,010) fifteen million, one hundred twenty-six thousand and ten Saudi Riyals, representing approximately (10%) of its capital of (150,000,000) one hundred and fifty million Saudi Riyals. On 06/02/2024G, the Company signed a share sale and purchase agreement to acquire all shares in Saudi Land Factory for Cement Products (SLF) for a value of (25,000,000) twenty-five million Saudi Riyals. The acquisition process was completed on 20/03/2024G. On 14/02/2024G, the Company signed a memorandum of understanding with Doha Concrete Blocks Factory Establishment, a sole proprietorship registered in the State of Qatar, whereby the two parties agreed to participate in the Saudi Land Factory for Cement Products (SLF), with the contribution percentage in the capital of the Saudi Land Factory for Cement Products (SLF) being 55% as the contribution percentage of Saudi Vitrified Clay Pipe Company, and the contribution percentage of the Doha Concrete Blocks Factory Establishment being 45%. The Company signed a memorandum of understanding on 14/02/2024G with Laffan Pipe Factory Company, a limited liability company registered in the State of Qatar, for the purpose of establishing a subsidiary company called Laffan Pipe Company in the Kingdom of Saudi Arabia. 																																																																																																																					

- The Company established the subsidiary «Laffan Pipes Company» under Commercial Registration No. (1009047290) dated 26/11/1445H (corresponding to 03/06/2024G) with a capital of (500,000) five hundred thousand Riyals, fully owned by the Saudi Company for the Production of Clay Pipes.
- On 11/08/2024G, a partnership agreement was signed between the Company and the Doha Concrete Blocks Factory Establishment, and the two parties agreed to enter into a partnership in the Saudi Land Factory for Cement Products (SLF), so that the Company would relinquish (450) shares, which represent 45% of the total shares of the Saudi Land Factory for Cement Products (SLF), to the Doha Concrete Blocks Factory Establishment, in exchange for the Doha Concrete Blocks Factory Establishment granting the Saudi Land Factory for Cement Products (SLF) the agreed upon machinery and equipment, along with their transportation and installation, in addition to the cash contribution agreed upon between the two parties to the agreement.
- A partnership agreement was signed on 11/08/2024G between the Company and Laffan Pipe Factory Company «Qatar», and the two parties agreed to enter into a partnership in Laffan Pipe Company «Saudi Arabia», whereby the Company will relinquish (450) shares, which represent 45% of the total shares of Laffan Pipe Company (Saudi Arabia), in exchange for Laffan Pipe Factory Company «Qatar» granting Laffan Pipe Company «Saudi Arabia» the agreed-upon machinery and equipment, along with their transportation and installation.
- On 03/05/1446H (corresponding to 05/11/2024G), the Extraordinary General Assembly approved the transfer of the statutory reserve balance amounting to (75,000,000) seventy-five million Saudi Riyals as in the annual financial statements ending on 31/12/2023G, to extinguish the Company's accumulated losses amounting to (35,248,226) thirty-five million, two hundred and forty-eight thousand, two hundred and twenty-six Saudi Riyals, which represents (23%) of the capital, as in the interim financial statements for the period ending on 30/06/2024G.
- On 03/05/1446H (corresponding to 05/11/2024G), the Extraordinary General Assembly approved amending the Company's bylaws to align with the new Companies Law, and re-arranging and numbering the articles of its bylaws.
- On 21/06/1446H (corresponding to 22/12/2024G), the Company announced a decrease in its accumulated losses from (92543959) ninety-two million five hundred forty-three thousand nine hundred and fifty-nine Saudi Riyals, which represents (62%) of its capital as of 30/09/2024G, to (15531431) fifteen million five hundred and thirty-one thousand four hundred and thirty-one Saudi Riyals, representing (10.35%) of its capital as of 30/11/2024G.
- The Company's accumulated losses, as of December 31, 2024G, amounted to (47,963,420) forty-seven million, nine hundred and sixty-three thousand, four hundred and twenty Saudi Riyals, representing approximately 32% of the Company's capital of (150,000,000) one hundred and fifty million Saudi Riyals.
- On 03/08/1446H (corresponding to 02/02/2025G), the Company announced the signing of a contract to build a high-density polyethylene (HDPE) corrugated and spiral pipe factory (Laffan Pipe Factory) with Kulluna Wahed General Contracting Company. The contract will include infrastructure, construction, finishing, and implementation of the project, as well as administrative follow-up and implementation of all related services until the project is ready for the installation of the plant's machinery and equipment.
- As of March 31, 2025G, the Company's accumulated losses amounted to (56,593,541) fifty-six million, five hundred ninety-three thousand, five hundred forty-one Saudi Riyals, representing approximately (38%) of the Company's capital of (150,000,000) one hundred fifty million Saudi Riyals.
- As of June 30, 2025G, the Company's accumulated losses amounted to (68,173,709) sixty-eight million, one hundred seventy-three thousand, seven hundred nine Saudi Riyals, representing approximately (45%) of the Company's capital of (150,000,000) one hundred fifty million Saudi Riyals.
- On 29/03/1447H (corresponding to 21/09/2025G), the Company announced the signing of a sale agreement for its second factory located in the Second Industrial City in Riyadh, and the assignment of the land lease agreement for the land on which the factory is situated, for a total sale price of (45,000,000) forty-five million Saudi Riyals. On 16/04/1447H (corresponding to 08/10/2025G), The Saudi Vitrified Clay Pipe Company announced the approval of the Saudi Authority for Industrial Cities and Technology Zones («MODON») to assign the lease agreement to United Model Industries Company («the Buyer»).

Company's capital before the Offering	(150,000,000) One hundred and fifty million Saudi Riyals.
Company's capital after the Offering	(230,000,000) Two hundred and thirty million Saudi Riyals.
Total Number of shares prior to Offering	(15,000,000) Fifteen million ordinary shares.
Total Number of shares post Offering	(23,000,000) Twenty-three million ordinary shares.

Nominal Value of the share	Ten (10) Saudi Riyals per share.
Total number of Rights Issue Shares offered for subscription	(8,000,000) Eight million ordinary shares.
Percentage of the offered Rights Issue Shares to the Company's capital	The Offering shares represent (53.33%) of the Company's capital before the Offering
Offering Price	Ten (10) Saudi Riyals per share.
Total Offering value	(80,000,000) Eighty million Saudi Riyals.
Number of Offer Shares to be Underwritten	(8,000,000) Eight million ordinary shares.
Total Offering Amount to be Underwritten	(80,000,000) Eighty million Saudi Riyals.
Categories of Targeted Investors	Registered Shareholder and New Shareholders
Registered Shareholder	Shareholders who own shares at the end of the trading day on which the Extraordinary General Assembly for the capital increase was held and are registered in the Company's records at the Depository Center at the end of the second trading day following the convening of the Extraordinary General Meeting to increase the capital on **/**/****H (corresponding to **/**/****G).
New Investors	In general, individual and Institutional Investors, other than Registered Shareholder, who purchased the Rights Issue during the Trading Period.
Rights	Rights are tradable securities that entitle its holders the right to subscribe to New Shares after approval of the capital increase. It is an earned right for all Registered Shareholder. Each Right entitles its holder to subscribe to one share of the New Shares at the Offering Price. Rights will be deposited in the Registered Shareholders portfolios within two days after the convening the Extraordinary General Assembly for the capital increase. These Rights will appear in the Registered Shareholder' portfolios under a new right-related symbol. Registered shareholders will be notified of the deposit of rights into their portfolios.
New Shares	(8,000,000) Eight million ordinary shares, which will be issued for the purpose of increasing capital.
Number of issued Rights	(8,000,000) Eight million rights.
Eligibility factor or subscription eligibility factor	Approximately (0.5333) right for each (1) existing share owned by registered shareholders. This coefficient is the result of dividing the number of New Shares by the number of current shares of the Company.
Eligibility Date	Shareholders who own shares at the end of trading on the day of the EGM for the capital increase, and who are registered in the Company's Shareholders Register at the end of the second trading day following the EGM for the capital increase, on **/**/****H (Corresponding to **/**/****G).
Exercising Subscription to the Rights	<p>Eligible Persons have the right to exercise their right to subscribe to the Right shares by subscribing electronically through the websites and platforms of the brokers that provide these subscription services or through any other means provided by the agents. Eligible Persons may also exercise subscription to the Rights as follows:</p> <ol style="list-style-type: none"> Shareholders registered during the Subscription Period have the right to exercise the Rights granted to them on the Eligibility Date and any additional Rights they purchased during the Trading Period by subscribing to New Shares. They also have the right not to take any action regarding the Rights they own. New Investors «unregistered» during the Subscription Period have the right to exercise the Rights they purchased during the Trading Period by subscribing to the New Shares. They also have the right not to take any action regarding the Rights they own. <p>If any of the Registered Shareholder or New Investors failed to exercise their right to subscribe to the New Shares during the Subscription Period, the shares associated with those Rights will be offered during the Rump Offering Period.</p>
Method of Subscription	Subscription applications shall be submitted electronically through the websites and platforms of the brokers that provide these services to subscribers, or through any other means provided by the agents.

The guiding value of the right	The Right's indicative value is the difference between the market value of the Company's Share during the Trading Period and the Offering Price. «Tadawul» will calculate and publish the indicative value of the Right during the Trading Period on its website, five (5) minutes late, and market information service providers will also publish this information so that investors can see the indicative value of the Right when entering orders.
Trading Price of the Right	It is the price at which the Right is traded, knowing that it is determined through the mechanism of supply and demand, and therefore it may differ from the Indicative Value of the Right.
Trading Period	The trading period shall commence three (3) business days after the approval of the Extraordinary General Assembly to increase the capital on **/**/****H (corresponding to **/**/****G) and shall continue until the end of **/**/****H (corresponding to **/**/****G). During this period, all holders of Rights - whether they are registered investors or new investors - may trade in the Rights. It should be noted that the trading period shall continue until the end of the sixth (6) day from the beginning of the period. Note that the Rights trading hours start from ten o'clock in the morning (10:00 a.m.) until three o'clock in the afternoon (3:00 p.m.).
Subscription Period	The Subscription Period begins three (3) business days after the approval of the Extraordinary General Assembly to increase the capital on **/**/****H (corresponding to **/**/****G) and continues until the end of **/**/****H (corresponding to **/**/****G). During this period, all holders of Rights - whether registered investors or new investors - may exercise their right to subscribe for New Shares. It should be noted that the Subscription Period continues until the end of the ninth (9) day from the beginning of the period. Note that the subscription hours for Rights start from ten o'clock in the morning (10:00 a.m.) until two o'clock in the afternoon (2:00 p.m.).
Rump Offering	If there are any unsubscribed shares by the end of the Subscription Period («Rump Shares»), such shares will be offered to a number of Institutional Investors (Institutional Investors). Those Institutional Investors will submit their offers to buy the Rump Shares, and those offers will be received starting from 10:00 AM on **/**/****H (corresponding to **/**/****G) until 05:00 PM of **/**/****H (corresponding to **/**/****G) («Rump Offering period»). The Rump Shares will be allocated to the Institutional Investors with the highest offer first, then the lowest and the lowest (provided that the offered price shall not fall below the Offering Price). Such shares shall be allocated on a pro rata basis, among the Institutional Investors that provided offers at the same price. As for fractional shares, they will be added to the Rump Shares and treated in a similar manner.
Allocation of Shares	Shares will be allocated to Eligible Persons based on the number of Rights they have validly and fully exercised. Fractional shares will be collected and added to the Rump Shares and then offered to Institutional Investors during the Rump Offering Period. The total Offering Price of the remaining shares will be paid, and the remaining proceeds from the sale of the remaining shares and fractional shares (if any) will be distributed, without any fees or deductions (i.e., any amount exceeding the Offering Price), to Eligible Persons who have not fully or partially subscribed to the New Shares and to those entitled to fractional shares. It should be noted that investors who have not subscribed or sold their Rights, and holders of fractional shares, may not receive any consideration if the sale is made during the Rump Offering Period at the Offering Price (please see Section (13) «Information Related to Shares and Offering Terms and Conditions») of this Prospectus. Surplus subscription proceeds (if any) will be returned to subscribers without any commissions or deductions from the Lead Manager.
Allocation Date	The shares will be allocated no later than on **/**/****H (corresponding to **/**/****G).
Date of refunding oversubscriptions	Oversubscriptions (if any) will be refunded to the subscribers without any commissions or deductions by the Lead Manager no later than on **/**/****H (corresponding to **/**/****G).
Payment of Compensation Amounts, if any	Cash compensation amounts will be paid to the Eligible Persons who have not exercised their right to subscribe in whole or in part to the New Shares and to those who are entitled to fractional shares without any deductions no later than **/**/****H (corresponding to **/**/****G), (please see Section (13) «Information Related to Shares and Offering Terms and Conditions»). Notably, the cash compensation amounts represent the amount that exceeds the Offering Price from the net proceeds of selling the Rump Shares and the fractions of shares.
Adjusted Price	The Company's share price in Saudi Tadawul (Tadawul) has been modified to SAR ** per share before trading on the next day of the Extraordinary General Assembly meeting for the capital increase. This represents a decrease in the share price of ** Saudi Riyals per share.
Conditions for subscribing to Rights Issue Shares	Eligible Persons wishing to subscribe to the New Shares must fulfill the relevant subscription conditions. To review the terms, conditions, and instructions for the subscription, please refer to Section (13) «Information Relating to the Shares and Offering Terms and Conditions» of this Prospectus.
Trading of the New Shares	Trading of the Rights Issue Shares is expected to commence on the Saudi Stock Exchange (Tadawul) after all procedures related to the registration, allocation, and listing of the New Shares are completed.

Rights Listing and Trading	<p>The Rights will be listed on Tadawul and traded during the Rights Trading Period. Tadawul will develop mechanisms to regulate the Rights trading process within its systems. Rights have a symbol separate and independent from the symbol of the Company's current shares on the Tadawul screen.</p> <p>During the Trading Period, Registered Shareholders will have several options, including selling the acquired Rights or part thereof on the Exchange, purchasing additional Rights through the Exchange, or taking no action on the Rights, whether by selling them or purchasing additional Rights. New investors during the Trading Period will have the right to purchase the Rights through the market, sell those Rights or part thereof, or take no action on the Rights purchased during the Trading Period. The Tadawul system will cancel the Company's Rights symbol on the trading screen after the end of the Rights Trading Period, and therefore, Rights trading will cease at the end of that period.</p>
Entitlement to Dividends	Owners of the New Shares will be entitled to any dividends declared by the Company after the date of their issuance
Voting Rights	All of the Company's shares are of a single class (Ordinary Shares), and no share confers any preferential rights on its holder. New Shares will be fully paid and equal to existing shares. Each share entitles its holder to one vote at ordinary and extraordinary general assemblies. Cumulative voting must be used to elect the Board of Directors. General assemblies may be held, and shareholders may participate in their deliberations and vote on their decisions using modern technology, in accordance with the controls established by the competent authority.
Restrictions on trading shares	There are no restrictions imposed on the trading of the Company's shares, except for the regulatory restrictions imposed generally on the listed shares.
Restrictions on trading Rights	There are no restrictions imposed on Rights trading
Restrictions on New Shares resulting from capital increases	There are no restrictions imposed on shareholders in general and founding shareholders after the subscription process resulting from the capital increase.
Issuer's previously issued shares	On 09/05/1428H (corresponding to 26/05/2007G), the Company's shares were listed on the Exchange totaling to (15,000,000) fifteen million ordinary shares, with a nominal value of (10) ten Riyals per share, with a capital of (150,000,000) one hundred and fifty million Saudi Riyals.
Public	<p>In the Rules on the Offer of Securities and Continuing Obligations, and in accordance with the list of terms used in the regulations and rules of the Capital Market Authority issued by the Authority's Board pursuant to Resolution No. 4-11-2004 dated 20/08/1425H (corresponding to 04/10/2004G) based on the Capital Market Law issued by Royal Decree No. M/30 dated 02/06/1424H, and amended by Resolution No. 1-135-2025 of the Capital Market Authority Board dated 03/06/1447H (corresponding to 024/11/2025G), The term «Public» means the persons other than the following:</p> <ol style="list-style-type: none"> 1. Affiliates of the Issuer. 2. Substantial Shareholders of the Issuer. 3. Directors and senior executives of the Issuer. 4. Directors and senior executives of the affiliates of the Issuer. 5. Directors and senior executives of Substantial Shareholders of the Issuer. 6. Any relatives of the persons in (1, 2, 3, 4, or 5) above. 7. Any company controlled by any person in (1, 2, 3, 4, 5, or 6) above. 8. Persons who act together in agreement and jointly own (5%) or more of the class of shares that will be listed.

Note: The «Important Notice» section (page ii) and section (2) «Risk Factors» of this Prospectus should be considered carefully prior to making any investment decision in the Rights or New Shares.

Key Dates and Subscription Procedures

Expected Timeline of the Offering	
Events	Dates
Publishing the Prospectus	**/**/****H (corresponding to **/**/****G).
Date of the extraordinary general assembly (EGM) approving capital increase and setting the Eligibility Date and Eligible Shareholders. The Eligible Shareholders are the shareholders at the end of trading on the day of the Extraordinary General Assembly meeting to increase capital who are registered in the Company's register at the Depository Center at the end of the second trading day following the EGM holding for the capital increase.	Tuesday **/**/****H (corresponding to **/**/****G).
Trading Period	The Trading Period begins on *** **/**/****H (corresponding to **/**/****G). and continues until *** **/**/****H (corresponding to **/**/****G). During this period, all holders of Rights, whether registered investors or new investors, may trade in their Rights.
Subscription Period	The Subscription Period begins on *** **/**/****H (corresponding to **/**/****G). and continues until *** **/**/****H (corresponding to **/**/****G). During this period, all holders of Rights, whether registered investors or new investors, may exercise their right to subscribe for New Shares.
End of Subscription Period	*** **/**/****H (corresponding to **/**/****G).
Rump Offering Period	It begins at 10:00 AM on *** **/**/****H (corresponding to **/**/****G). and continues until 5:00 PM on *** **/**/****H (corresponding to **/**/****G).
Final Allocation Notification	*****, **/**/****H (corresponding to **/**/****G).
Payment of compensation amounts (if any) for Eligible Persons who did not participate in the Offering entirely or partially, as well as to those entitled to fractional shares	*****, **/**/****H (corresponding to **/**/****G). at the latest.
Expected day for commencement of trading in the New Shares	The offered shares will be traded after the completion of all relevant regulatory procedures. The announcement will be made later on the Tadawul website (www.saudiexchange.sa)

Note: All dates mentioned in the above schedule are approximate, and the actual dates will be announced by announcement on Tadawul website (www.saudiexchange.sa), the Financial Advisor's website (www.aldukheil.com.sa) and the Company's website (www.svcpsa.com)

Key Announcement Dates

Announcement	Announcing Party	Announcement Date
Announcement regarding the invitation for the EGM for capital increase.	Company	On *** **/**/****H (corresponding to **/**/****G)
Announcement regarding the EGM outcome with regard to capital increase.	Company	On *** **/**/****H (corresponding to **/**/****G)
Announcement regarding the change in Company's share price, Rights' deposit and the Indicative Value of the Right	Tadawul	On *** **/**/****H (corresponding to **/**/****G)
Announcement regarding the addition of SPCV's Rights.	Edaa	On *** **/**/****H (corresponding to **/**/****G)
Announcement for determining the period for trading rights and the period for subscription to New Shares	Company	On *** **/**/****H (corresponding to **/**/****G)
Announcement regarding the start of Rights' Trading Period and Subscription Period	Tadawul	On *** **/**/****H (corresponding to **/**/****G)
Reminder announcement on the start of the Rights Trading Period and Subscription Period	Company	On *** **/**/****H (corresponding to **/**/****G)
Reminder announcement of the last day for trading Rights and noting the importance of selling Rights for those who do not wish to subscribe to their owned Rights	Company	On *** **/**/****H (corresponding to **/**/****G)
Announcement of the end of the Subscription Period	Company	On *** **/**/****H (corresponding to **/**/****G)
Announcement regarding: <ul style="list-style-type: none"> Subscription results Details of the sale of unsubscribed Shares, if any, and commencement of the Rump Offering 	Company	On *** **/**/****H (corresponding to **/**/****G)
Announcement regarding the outcome of the Rump Offering and Notification of the final allocation	Company	On *** **/**/****H (corresponding to **/**/****G)
Announcement regarding the deposit of New Shares in the investors' portfolios	Edaa	On *** **/**/****H (corresponding to **/**/****G)
Announcement regarding distribution of the compensation amounts (if any)	Company	On *** **/**/****H (corresponding to **/**/****G)

Note: All dates mentioned in the above schedule are approximate, and the actual dates will be announced by announcement on Tadawul website (www.saudiexchange.sa), the Financial Advisor's website (www.aldukheil.com.sa) and the Company's website (www.svcp-sa.com)

* The time period between the end of the subscription for Rights and the deposit of shares into shareholders' portfolios will be nine (9) business days.

It is also worth noting that, in the event an announcement related to the offering is published in a local newspaper after the publication of the Prospectus, the disclosure must contain the following according to Paragraph (e) of Article (31) of the Rules on the Offer of Securities and Continuing Obligations:

- 1- The name and commercial registration number of the Issuer
- 2- the securities that are the subject of the relevant application for registration and offer and their value, type and class
- 3- the addresses and locations where the public may obtain the prospectus

- 4- the date of publication of the prospectus
- 5- a statement that the disclosure is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities
- 6- the names of the subscription Lead Manager, Underwriter, Financial Advisor, and Legal Advisor and receiving brokers
- 7- A disclaimer as follows: «**The Capital Market Authority and the Saudi Stock Exchange Company take no responsibility for the contents of this disclosure, make no representations as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this disclosure.**»

How to apply for subscription

Subscription to Right Issue Shares is limited to Eligible Persons, whether they are Registered Shareholder or New Investors. In the event that the Right Issue of the Eligible Persons are not exercised, any Rump Shares that have not been subscribed to by the Eligible Persons will be offered to the Investment Institutions during the Rump Offering Period. Eligible Persons wishing to subscribe to the New Shares must submit subscription applications through the means and services provided by the broker to investors, under two conditions:

- 1- The Eligible Person has an investment account with one of the brokers who provide these services.
- 2- The person's data must be up-to-date, and no changes have occurred to the data or information of the eligible person (by deleting or adding a family member) since his subscription to a recent offering, unless these amendments have been communicated to the brokers and approved by them.

Subscription applications shall be submitted through the investment portfolio on the trading platforms through which buy and sell orders are entered. Subscription may be made through any other means provided by the broker to the investors and the custodian of shares. The Company reserves the right to reject any application to subscribe to the New Shares, in whole or in part, in the event that it does not meet any of the terms or requirements of the subscription. The subscription application may not be amended or withdrawn after its submission. The subscription application upon submission represents a binding contract between the Company and the eligible shareholder. (Please see Section 13 «**Information Relating to the Shares Offering Terms and Conditions**» of this Prospectus.)

FAQs about the Rights Issue

What is a Rights Issue?

Rights are tradable securities that give their holders the right to subscribe to the New Shares offered upon approval of the capital increase. They are acquired Rights for all Registered Shareholder who own shares on the day of the EGM meeting for the capital increase and who are registered in the Company's Shareholders Register at the Depository Center at the end of the second trading day following the Extraordinary General Assembly. Each Right grants its holder eligibility to subscribe to one New Share at the Offering Price.

To whom Rights are granted?

Rights are granted to all Registered Shareholder in the Company's Register at the Depository Center as at the close of the second trading day after the date of the EGM to increase the capital, which is known as the Eligibility Date.

Who is the Restricted Shareholder?

Any shareholder who appears in the Company's shareholders register at the end of the second trading day after the Extraordinary General Assembly for capital increase.

Are holders of shares certificates entitled to subscribe and trade shares?

Yes, shareholders are entitled to subscribe, but they will not be able to trade until the shares are deposited into electronic investment portfolios through brokers or the Securities Depository Center Company («**Depository Center**»), and the necessary documents are submitted before the end of the subscription period.

Is it possible to subscribe more than once and through more than one broker?

Yes, this is possible. However, the number of new shares available for subscription through each broker will depend on the number of rights available in the relevant broker's investment portfolio. In any case, the number of shares subscribed for must not exceed the number of rights held at the end of the rights trading period. Any increase in the number of shares subscribed for beyond the number of rights held at the end of the rights trading period will result in the cancellation of the subscription request.

If the new shares are subscribed for and the rights are subsequently sold, what happens in this case?

If a registered shareholder subscribes and then sells priority rights, and the number of priority rights equal to the number of rights subscribed for is not purchased before the end of the trading period, the subscription request will be rejected entirely if all rights are sold, or partially if the amount of rights sold is equal to the number of rights sold. The subscription amount will be notified and returned to the registered shareholder through the broker.

When are the Rights deposited?

Following the Extraordinary General Meeting and its approval to increase the capital through a Rights Issue, the Rights shall be deposited as securities in the portfolios of the Company's Shareholders Register at the Securities Depository Center by the end of the second trading day after the Extraordinary General Meeting. The New Rights appear in their portfolios under a new code for the Rights. Such Rights will be allowed to be traded or subscribed only at the beginning of the Trading and Subscription Periods.

How are Investors in the Rights notified of the Rights being deposited in their portfolios?

Investors will be notified through an announcement on the Tadawul website and through Tadawulaty Service provided by the Depository Center and SMS's sent through intermediaries/brokers.

How many Rights can be acquired by a Registered Shareholder?

The number of Rights to be acquired by a Registered Shareholder is based on each shareholder's ownership percentage in the share capital, as recorded in the Company's shareholders register at the Depository Center as at the close of the second trading day after the EGM.

What is the Rights Issue eligibility factor?

It is the coefficient through which registered shareholders can know the number of Rights due to them for the shares they own according to the Company's Shareholders' Register at the Depository Center at the end of the second trading day after the Extraordinary General Assembly is held. This coefficient is calculated by dividing the number of New Shares by the number of current shares of the Company. Accordingly, the Eligibility Factor is approximately (0.5333) Right for each (1) share owned by the registered shareholder on the Eligibility Date, rounded to the nearest whole number. Accordingly, if a registered shareholder owns (1,000) one thousand shares on the Eligibility Date, he/she will be allocated (533) rights for the shares he owns.

Will the name and symbol of trading these rights differ from the name and symbol of the Company's shares?

Yes, as the acquired right will be added to the investors' portfolios under the name of the original share, and by adding the word priority rights, in addition to a new symbol for these rights.

What is the Right value upon commencement of trading?

The Right opening price is the difference between the share closing price on the day preceding the Right listing, and the Offering Price (Indicative Value of the Right). For example, (using virtual prices) if the closing price of a share on the preceding day is (30) thirty Saudi Riyals and the Offering Price is (10) ten Saudi Riyals, the opening price of the Rights will be (20) twenty Saudi Riyals.

Can Registered Shareholder subscribe for additional shares?

Yes, Registered Shareholder can subscribe for additional shares by purchasing new Rights during the Trading Period.

Is it possible for a Registered Shareholder to lose his eligibility to subscribe even if he has the right to attend the EGM and vote on increasing the capital through a Rights Issue?

Yes, the Shareholder loses his eligibility to subscribe if he sells his shares on the day of the Extraordinary General Meeting or one working day before it.

How does the subscription take place?

Subscription Applications are submitted through the investment portfolio in the trading platforms through which the buy and sell orders are entered, in addition to the possibility of subscribing through any other means provided by the brokers and custodian.

Can an Eligible Person subscribe to more shares than the Rights owned by him/her?

An Eligible Person cannot subscribe to more shares than the Rights owned by him/her.

If Company shares are acquired through more than one investment portfolio, in which portfolio will the Rights be deposited?

Rights will be deposited in the same portfolio in which the Company's shares linked to the rights are deposited. For example, if a shareholder owns (1,000) one thousand shares in the Company, distributed as follows: (800) eight hundred shares in Portfolio (A) and (200) two hundred shares in Portfolio (B), the total Rights to be deposited will be (533) rights, given that each share has approximately (0.5333) Rights. Therefore, (427) Rights will be deposited in Portfolio (A) and (106) Rights in Portfolio (B). In the event

of fractional shares, these fractions will be totalled, and if they complete one or more whole numbers, the whole number will be added to the portfolio in which the investor owns the largest amount of rights.

If the subscription is through more than one portfolio, where will the New Shares be deposited after allocation?

Shares will be deposited in the investment portfolio in which the Rights are deposited.

Is it permissible for those who have purchased additional rights to trade them again?

Yes, they are only permitted to sell them and purchase additional rights during the trading period.

Is it possible to sell a portion of these rights?

Yes, the investor may sell a portion of these rights and subscribe for the remaining portion.

When can a shareholder subscribe to the Rights he/she purchased during the trading period?

Any time during the Subscription Period, i.e. until the ninth (9) day from the date of approval by the Extraordinary General Assembly, after settling the purchase of Rights (two business days).

Can a holder of Rights sell or assign them after expiry of the Trading Period?

That is not possible. After the expiry of the Trading Period, holder of the Rights may only exercise the right to subscribe for the Rights or not. In case the Right is not exercised, the investor may be subject to loss or decrease in the value of his investment portfolio.

What happens to the Rights that are not sold or subscribed for during the Trading and Subscription Period?

If all New Shares are not subscribed for during the Subscription Period, the remaining New Shares will be offered for subscription by the Lead Manager. The compensation value (if any) will be calculated for the Rights holder after deducting the subscription value. Note that the investor may not receive any compensation if the remaining shares are sold during the Offering Period at the Offering Price.

Who has the right to attend the Extraordinary General Assembly and vote on increasing the Share Capital through a Rights Issue?

A shareholder registered in the Company's Shareholders' Register at the Depository Center at the end of the trading day on the day of the Extraordinary General Assembly for the capital increase shall have the right to attend the EGM and vote on increasing the Issuer's capital by offering Rights Issue Shares.

When will the share price be adjusted as a result of the Company's capital increase through a Rights Issue?

The share price will be adjusted by the market before the start of trading on the day following the day of the Extraordinary General Assembly.

If an investor buys securities on the EGM Day, will he/she be eligible for the Rights resulting from the increase of the Issuer's Capital?

Yes, as the investor will be registered in the Company Shareholders Register two business days after the date of the purchase of shares (i.e., at the end of the second trading day following the day of the EGM), bearing in mind that Rights will be granted to all shareholders registered in the Company Shareholders Register at the end of trading session on the second trading day following the date of the EGM. However, he/she may not attend or vote in the EGM for the capital increase.

If an investor has more than one portfolio with more than one Brokerage Company, how will his/her Rights be calculated?

The investor's shares will be distributed to the portfolios owned by him/her, according to the percentage of ownership in each portfolio. In the event of share fractions, these fractions will be aggregated. If the outcome is an integer or more, the integer number will be added to the portfolio in which the investor has the largest number of Rights.

What are Trading and Subscription Periods?

Trading and subscription of Rights shall commence simultaneously after (3) three business days from the approval of the Extraordinary General Assembly to increase the capital, until the end of trading on the sixth (6) day, while subscription shall continue until the ninth (9) day, according to what is stated in this Prospectus and the Company's announcements.

Is it possible to subscribe during the weekend?

Yes, you can subscribe during the weekend, as the subscription process is conducted electronically throughout the subscription period.

Can non-Registered Shareholder on the day of the EGM subscribe for the Rights?

Yes, after completing the purchase of the Rights during the Trading Period.

Will there be any additional fees added to Rights trading?

The same commissions will be applied to buy and sell transactions as for stocks, but there is no minimum or maximum commission amount.

Further Assistance:

- In the event of any inquiries, please contact the Company on the e-mail (svcp@svcp-sa.com) and for legal reasons, the Company will only be able to provide the information contained in this Prospectus and will not be able to provide advice on the merits of issuing rights or even provide financial, tax, legal or investment advice.
- For more information on the terms, conditions and subscription instructions, please see Section 13 «**Information Related to the Shares and the Offering Terms and Conditions**» of this Prospectus.

Summary of Key Information

This summary provides a brief overview of the key information contained in this Prospectus. Because it is a summary, it does not include all the information that may be important to subscribers. Recipients of this Prospectus should read it in its entirety before making any investment decision regarding the Rights or New Shares. All abbreviated terms and expressions used in this Prospectus are defined in Section (1) «**Terms and Definitions**» and elsewhere in this Prospectus.

Company Overview

History and Incorporation

Saudi Vitrified Clay Pipe Company (hereinafter referred to as «**SVCP**» or «**the Company**») was established as a limited liability company under the Articles of Association issued on 29/12/1397H (corresponding to 10/12/1977G), under Commercial Registration No. (1010014993) dated 08/03/1398H (corresponding to 16/02/1978G) with a capital of (20,000,000) twenty million Saudi Riyals. Saudi Vitrified Clay Pipe Company was transformed into a joint stock company pursuant to Ministerial Resolution No. (3489) dated 02/11/1427H (corresponding to 23/11/2006G) with a capital of (150,000,000) one hundred and fifty million Saudi Riyals, divided into (15,000,000) fifteen million ordinary shares, with a nominal value of (10) ten Saudi Riyals per share. On 09/05/1428H (corresponding to 26/05/2007G), the Company's shares were listed on the Saudi Stock Exchange totaling to (15,000,000) fifteen million ordinary shares, with a nominal value of (10) ten Saudi Riyals per share, with a capital of (150,000,000) one hundred and fifty million Saudi Riyals. The Company's head office is located in the Al-Aqaria «**Al-Sitteen**» Building - Salah Al-Din Al-Ayyubi Road, Al-Zahraa District, Riyadh - Kingdom of Saudi Arabia

Capital

The current capital of the Company is (150,000,000) one hundred and fifty million Saudi Riyals, divided into (15,000,000) fifteen million ordinary shares with a nominal value of (10) ten Saudi Riyals per share, all of which are fully paid. There are no Substantial Shareholders among the Company's shareholders who own 5% or more of the shares.

Main Activities of the Company

The Company's main activities as per its commercial registration are as follows:

- 1- Quarry operation.
- 2- Pipe manufacturing.

The Company's activities, according to its Articles of Association, are as follows:

- 1- Quarrying for the extraction of stones, sand, and clay
- 2- Other mining and quarrying activities not elsewhere classified.
- 3- Manufacture of glass and glass products.
- 4- Manufacture of construction clay products.
- 5- Manufacture of various types of concrete, cement, and plaster.
- 6- Manufacture of other non-metallic mineral products not elsewhere classified.
- 7- Manufacture of construction metal products.
- 8- Sanitation.
- 9- Construction of utility projects.
- 10- Wholesale of machinery and other equipment.
- 11- Other types of retail sale in non-specialized stores.
- 12- Retail sale of other new goods in specialized stores.

13- Pipeline transportation.

The Saudi Vitrified Clay Pipe Company's current activity is in the field of pipe and fitting manufacturing. It operates through three main segments to ensure that it meets the needs of the local and international market with the highest quality standards. These segments are: the vitrified clay pipe segment, the concrete pipe segment, and the plastic pipe segment.

The Company operates in accordance with applicable regulations and after obtaining the necessary licenses from the relevant authorities, if any.

Vision, Mission and Strategy

Vision

To become the leading reference in the production of vitrified clay pipes, concrete pipes, and plastic pipes by providing sustainable solutions for sewage and rainwater systems, while ensuring the highest quality standards to meet customer needs and comply with global quality requirements.

Mission

The Company seeks to provide integrated and sustainable infrastructure solutions by manufacturing clay pipes, concrete pipes, and plastic pipes according to the highest quality standards, meeting the needs of its customers both locally and internationally. This is achieved through continuous innovation, expanding production, and enhancing operational efficiency, contributing to its vision of becoming the leading reference in this field.

Strategy

The Company seeks to become a leading manufacturer of vitrified clay pipes and fittings, as well as cement pipes, cement box culverts, cement manholes, and plastic pipes (HDPE pipes) and fittings, both in the local and international markets. Through continuous production expansion and continuous process development, the Company aims to efficiently meet the needs of various projects in the sewage, stormwater, and rainwater drainage segments, with a focus on quality and innovation.

Strategic Objectives:

1- Increasing production capacity and expansion:

- Expand the production of plastic and concrete pipes, in addition to clay pipes, to meet the needs of large projects.

2- Product Innovation:

- Develop and improve existing products to comply with the latest international specifications.
- Continuous research to develop new products for plastic and cement pipes and improve the performance of clay pipes.

3- Expanding into international markets:

- Strengthening the Company's presence in new markets outside the Kingdom of Saudi Arabia, particularly in the Middle East, Europe, Africa, and Asia.
- Reinforcing business relationships with strategic partners and expanding the distribution network to ensure access to new markets.

4- Continuous improvement in quality:

- Commitment to applying the best international quality standards throughout all stages of production, starting with the procurement of raw materials.
- Ensuring high quality standards are met for all types of pipes (clay, plastic, and concrete).

- In this context, the Company has obtained several accredited certificates that reflect its ongoing commitment to quality, most notably: the International Quality Management System Certification (ISO 9001:2015), the German Materials Testing Institute (MPA NRW), the European and Belgian Conformity Certificate (BENOR), the Saudi Quality Mark Certificate (SASO), the Certificate of Product Conformity to Saudi Standards, and the Green Certificate.

5- Enhancing the efficiency of logistics operations:

- Improving supply operations and continuously updating the supplier network.
- Enhancing the land carrier network to include all types of pipes produced by the Company, covering all regions of the Kingdom, surrounding countries.
- Periodically updating the current (sea) shipping broker network to cover all countries with which the Company deals.

6- Customer Focus:

- Providing customized solutions to suit customer needs with guaranteed after-sales service.
- Providing full technical support to customers throughout all phases of their project implementation.

7- Upgrading production lines:

- Investing in modern production technologies, such as the integrated head machine for high-density polyethylene (HDPE) pipes.
- Adding new production lines to meet the demand for HDPE pipes and concrete box culverts.
- Integrating modern production technologies into plastic and concrete pipe factories to increase efficiency and product quality.

8- Human resources and capacity development:

- Investing in employee training on the latest production technologies and industrial practices.
- Implementing programs to develop leadership and management skills within the Company to ensure operational efficiency and future expansion.
- Creating a work environment that encourages creativity and enhances employee well-being.

Through this strategy, the Company aims to strengthen its position as a leading provider of sewage, stormwater, and rainwater drainage pipes in local and global markets. It also aims to consolidate the Company's position to meet the growing infrastructure and drainage requirements of the Kingdom's Vision 2030, ensuring it maintains a distinguished position in the pipe industry of various types (clay, plastic, and concrete).

Strengths and Competitive Advantages

1- Product Diversity:

The Company has recently expanded into new industries by producing a variety of pipes and fittings, including vitrified clay pipes, concrete pipes, and plastic pipes. This product diversity enhances the Company's ability to meet the needs of numerous infrastructure projects, such as sewerage networks, stormwater drainage networks, and other facilities. This enhances its ability to compete in multiple markets, both locally and internationally.

2- Extensive Industry Experience:

The Company has over 40 years of experience in the pipe industry, giving it a unique ability to provide advanced, high-quality technical solutions, flexibly meet market needs, and ensure efficient and professional project execution.

3- Extensive customer network:

The Company has a large local and international customer network spanning countries in the Middle East, Europe, and Asia. This network enables it to access new markets and increase its market share, strengthening its position in the pipe manufacturing sector.

4- Commitment to high quality:

The Company is committed to apply the highest quality standards in all stages of production, that are accredited by multiple quality certificates such as ISO and other international quality certificates, which ensuring the provision of reliable and safe products to customers.

5- Ability to meet the needs of large projects:

Thanks to its diverse product range and high production efficiency, the Company enjoys the ability to meet the needs of large projects requiring special specifications, setting it apart from many competitors in the market.

6- Trained and Talented Human Resources:

The Company trains its employees on the latest production technologies and industrial practices, enhancing their efficiency and increasing their capacity for innovation. This helps raise overall performance and ensures achievement of its goals and prospects.

Summary of Market Study

Driven by Saudi Vision 2030G reforms, non-oil sector growth, and infrastructure projects, the Saudi Arabian economy maintained its position as the largest economy in the Gulf Cooperation Council (GCC) region in 2023G. Its resilience and growing population are driving demand for construction and housing.

Saudi Arabia retained its position as the largest economy among the Gulf Cooperation Council (GCC) countries in 2023G, with GDP exceeding SAR 4.0 trillion (USD 1.1 trillion), driven by robust non-oil sector growth thanks to the rapidly advancing Saudi Vision 2030G reforms. Despite a slight contraction in 2023G due to OPEC+ oil price cuts, the Saudi economy demonstrated resilience, achieving a strong recovery in 2024G. Major infrastructure projects and a thriving tourism sector are contributing to overall GDP growth, and supporting construction materials. The Kingdom's GDP is expected to reach SAR 5.8 trillion by 2030, supported by continued diversification and investment efforts.

The population of Saudi Arabia reached 33.3 million in 2023G, with a young demographic and a growing working-age population. The population is expected to grow to 37.5 million by 2030G. Government initiatives such as the housing program and mortgage reforms are stimulating demand for housing, benefiting the real estate and construction sectors. The government is also developing policies and infrastructure to encourage expatriates to enter and invest in the Kingdom, expanding the potential customer base for housing. Household growth and urban expansion, particularly in Riyadh, are driving demand for housing and infrastructure. Unemployment has declined and women's participation in the labor market has increased, boosting disposable income and consumer spending, thus opening the way for retail expansion.

The growing demand for water and wastewater systems has boosted the pipe industry, supported by Saudi Vision 2030G projects. Materials such as high-density polyethylene (HDPE) and unplasticized polyvinyl chloride (UPVC) are preferred due to their durability, flexibility, and resistance.

Saudi Arabia has the world's largest water transmission network, spanning 127,525 km. Annual water demand reached 5,285.2 million cubic meters (MCM) in 2023G, meeting the needs of approximately 78.3% of the population. The Ministry of Environment, Water and Agriculture, along with other entities such as the Saudi Water Authority, the Saudi Water Partnership Company, and the National Water Company, provided 3,578.94 MCM of water. In 2023G, the Kingdom collected 2,240.7 MCM of wastewater, and treated 2,217.7 MCM of water.

The piping sector in Saudi Arabia has grown in parallel with infrastructure expansion, supported by Saudi Vision 2030. Rapid infrastructure expansion has increased demand for water and sewage pipes, driven by mega projects such as NEOM, the Red Sea Project, Qiddiya Entertainment City, King Salman Energy Park, and the AlUla Development Project, as well as booming tourism and urban expansion. The Saudi Standards, Metrology and Quality Organization (SASO) regulates the sector to ensure adherence to the

highest safety and environmental standards. Common pipe materials vary according to their application and typically include clay (vitrified clay), concrete, PVC, HDPE, and unplasticized PVC.

The use of vitrified clay (VCP) pipes in the Kingdom has declined due to alternatives such as high-density polyethylene (HDPE) and polyvinyl chloride (PVC), but they remain suitable for specific applications, and their sales decline is expected to slow until 2030.

Vitrified clay pipes (VCP) are durable, environmentally friendly pipes used primarily in sewerage and drainage systems. Their use in Saudi Arabia declined at a CAGR of 10.4% between 2021G and 2023G, reaching a total value of SAR 93.6 million. This decline is driven by the emergence of alternatives such as high-density polyethylene (HDPE), polyvinyl chloride (PVC), and concrete, bolstered by the modernization efforts of Saudi Vision 2030G. However, PVC remains viable in specific applications and continues to be used in the GCC and Europe. The market is also highly concentrated, dominated by the Company and the Vitrified Clay Pipe Company, while global companies such as Al-Suwailem and Steinszeug-Keramo are active in smaller projects. This downward trend is expected to continue, with this category projected to gradually shrink at a compound annual rate of 2.4% to reach SAR 67.4 million by 2030G.

Concrete pipes remain essential for infrastructure and irrigation in Saudi Arabia and are expected to witness steady revenue growth through 2030G, driven by their strength and durability.

Concrete pipes made of reinforced concrete (made by adding reinforcing steel to the concrete) are used in storm drains, canals, and water pipelines. These pipes are critical for heavy infrastructure and irrigation in Saudi Arabia. Despite the availability of newer materials such as high-density polyethylene (HDPE), concrete pipes remain important due to their strength and durability. Revenue from concrete pipes grew by 3.8% annually from 2021G to 2023G and is expected to grow by 4.7% from 2023G to reach SAR 954.3 million by 2030G, with the largest growth attributed to manholes and canals. Major producers include JEDCO, Tariq Nagadi Group of Factories, and Albilad Concrete Pipes Company Limited.

High-density polyethylene (HDPE) pipes are increasingly popular due to their durability, low installation costs, and low carbon footprint. The market is expected to witness significant growth through 2030G, driven by major projects and sustainability goals.

High-density polyethylene (HDPE) pipes, known for their durability, flexibility, and resistance to heat and chemicals, are widely used in water supply, sewage, and industrial piping. The adoption of HDPE pipes is growing in Saudi Arabia due to their cost-effectiveness and ease of use, in line with the sustainability goals of Saudi Vision 2030G. HDPE pipes feature prominently in mega-projects such as NEOM and the Jazan Seawater Cooling System. The HDPE pipe market grew at a CAGR of 8.2% from 2021G to 2023G and is forecast to grow at a CAGR of 11.7% from 2024 to reach SAR 368.7 million by 2030G. Key players in the market include Al-Wasail Industrial Company, Al-Munif Pipes Company, and National Marketing Corporation Limited.

Although Saudi Vitrified Clay Pipe Company is facing a decline in demand for clay pipes, it has adapted to this decline by diversifying its product offering to include concrete pipes and high-density polyethylene pipes, in addition to expanding internationally, positioning it to meet the changing infrastructure needs of Saudi Vision 2030G.

Founded in 1977G, the Company is a leading producer of vitrified clay pipes for sewerage and rainwater drainage systems, holding an estimated 73% market share in the Kingdom of Saudi Arabia. The Company has expanded locally and strengthened its position through strategic partnerships with Qatari entities, including the acquisition of Saudi Land Factory for Cement Products (SLF) (SLF) and the establishment of Laffan Pipes Company through a joint venture agreement with Doha Concrete Blocks Factory Establishment (Qatar), and Laffan Pipes Factory Company (Qatar). This supports SVCP's entry into the concrete and HDPE pipe markets. SVCP also focuses on diversifying its product offering to meet the Kingdom's growing infrastructure needs, particularly under Saudi Vision 2030, while also ensuring the Company's continued market leadership.

Summary of Financial Information and Key Performance Indicators

The financial information and key performance indicators set out below should be read in conjunction with the Company's audited financial statements for the fiscal years ended December 31, 2022G and 2023G, and the Company's audited consolidated financial statements for the fiscal year ending December 31, 2024G and the company's unaudited consolidated financial statements for the fiscal year ended June 30, 2025G, and the accompanying notes, which were prepared in accordance with International Financial Reporting Standards as adopted in the Kingdom and reviewed by the auditors.

Statement of Income

	Fiscal year ended on December 31			Financial period ending on June 30	
	2022G (Audited)	2023G (Amended)	2024G (Consolidated and Audited)	2024G	2025G
Sales	76,349,895	75,674,768	58,487,014	24,482,518	827,849,282
Cost of Sales	(71,935,214)	(68,396,589)	(62,698,832)	(32,220,464)	(33,309,185)
Gross Profit (Loss)	4,414,681	7,278,179	(4,211,818)	(7,737,946)	(5,459,903)
Selling and Marketing Expenses	(6,251,266)	(5,033,935)	(3,078,037)	(1,446,861)	(2,943,061)
General and Administrative Expenses	(17,782,711)	(17,050,914)	(19,965,075)	(9,336,338)	(10,515,932)
Reversal of provision for expected credit losses	-	1,440,817	2,637,338	1,991,777	116,793
Net Loss for the Year/(Period) from Main Operations	(19,619,296)	(13,365,853)	(24,617,592)	(16,529,368)	(18,802,103)
Finance Costs	(587,401)	(1,219,783)	(1,732,919)	(664,477)	(1,208,640)
Other (Expenses) Income, Net	14,486,126	5,378,185	(411,122)	200,268	161,974
Impairment Losses on Property, Plant, and Equipment	-	(46,413,761)	(80,237,609)	-	-
Net Profit (Loss) for the Year/(Period) Before Zakat	(5,720,571)	(55,621,212)	(106,999,424)	(16,993,577)	(19,848,769)
Zakat	(3,042,105)	(3,518,854)	(1,446,108)	(585,884)	(361,520)
Net Loss for the Year/(Period)	(8,762,676)	(59,140,066)	(108,445,350)	(17,579,461)	(20,210,289)
Gain on Remeasurement of Defined Benefit Plan Obligations	530,668	479,095	607,940	-	-
Total Comprehensive Loss for the Year/(Period)	(8,232,008)	(58,660,971)	(107,837,410)	(17,579,461)	(20,210,289)

Source: The Company's audited financial statements for the fiscal years ending December 31, 2022G and 2023G, and the Company's audited consolidated financial statements for the fiscal year ending December 31, 2024G and the unaudited consolidated financial statements for the financial period ending June 30, 2025G.

Statement of Financial Position

	Fiscal year ended on December 31			Financial period ending on June 30	
	2022G (Amended)	2023G (Amended)	2024G (Consolidated and Audited)	2024G	2025G
Total current assets	121,384,517	116,255,412	73,670,947		76,141,880
Total non-current assets	180,195,758	123,876,721	81,285,161		86,595,731
Total assets	301,580,275	240,132,133	154,956,108		162,737,611
Total current liabilities	15,094,009	12,538,992	30,587,584		59,222,293
Total non-current liabilities	17,951,305	17,719,151	22,331,944		21,689,027
Total Liabilities	33,045,314	30,285,143	52,919,528		80,911,320
Total Equity	268,534,961	209,873,990	102,036,580		81,826,291
Total Liabilities and Equity	301,580,275	240,132,133	154,956,108		162,737,611

Source: The Company's audited financial statements for the fiscal years ending December 31, 2022G and 2023G, and the Company's audited consolidated financial statements for the fiscal year ending December 31, 2024G. and the unaudited consolidated financial statements for the financial period ending June 30, 2025G.

Statement of Cash Flows

	Fiscal year ended on December 31			Financial period ending on June 30	
	2022G (Audited)	2023G (Adjusted)	2024G (Consolidated and Audited)	2024G	2025G
Net cash (used in) from operating activities	9,360,653	8,348,829	(11,864,131)	(9,855,395)	(9,190,817)
Net cash (used in) investing activities	(5,668,432)	(2,236,071)	(28,992,826)	(25,943,063)	(8,429,859)
Net cash provided by (used in) financing activities	(782,572)	(541,668)	395,862	1,659,096	19,520,385
Net change in cash and cash equivalents	2,909,649	5,544,090	(40,461,095)	(34,139,362)	1,899,709
Cash and cash equivalents, beginning of year/period	36,225,600	39,135,249	44,679,339	44,679,339	4,218,244
Cash and cash equivalents, end of year/period	39,135,249	44,679,339	4,218,244	10,539,977	6,117,953

Source: The Company's audited financial statements for the fiscal years ending December 31, 2022G and 2023G, and the Company's audited consolidated financial statements for the fiscal year ending December 31, 2024G. and the unaudited consolidated financial statements for the financial period ending June 30, 2025G.

Main Performance Indicators

Statement	Fiscal year ended on December 31			Financial period ending on June 30	
	2022G	2023G	2024G	2024G	2025G
Gross Profit/ Loss Margin	5.78%	9.62%	(7.20%)	(31.6%)	(19.6%)
Net loss Margin	(11.48%)	(78.03%)	(185.41%)	(71.8%)	(72.6%)
Current Ratio (times)	8.04	9.27	2.41	-	1.28
Total Liabilities/Total Equity (times)	0.12	0.14	0.51	-	0.98
Total Assets/Total Liabilities (times)	9.12	7.93	2.92	-	2.01
Return on Assets	(2.91%)	(24.59%)	(69.98%)	-	(12.4%)
Return on Equity	(3.26%)	(28.14%)	(106.28%)	-	(24.7%)
Accumulated losses as a percentage of capital	-	(10.08%)	(31.97%)	-	(45.44%)
Days of accounts receivable (days)	182	123	131	173	121
Days of inventory (days)	206	238	249	232	232
Days of cash conversion	372	353	356	396	300

Source: Financial statements and management information.

Outline of Risk Factors

Prospective investors should carefully consider all the information contained in this Prospectus, including in particular the risk factors below, before making any decision to subscribe for the Rights Issue Shares, which are detailed in Section 2 («**Risk Factors**»).

There are a number of potential risks associated with the Rights Issue Shares, which can be summarized as follows:

1- Risks Related to the Company's Business and Operations

- Risks Related to Accumulated Losses
- Risks Related to the Company's Inability to Continue
- Risks Related to the Inability to Implement the Strategy
- Risks Related to the Failure of New Projects
- Risks Related to Material Agreements and their Contingent Liabilities
- Risks Related to the Company's Reliance on the Performance of its Subsidiaries
- Risks of Failure to Obtain and Renew the Required Licenses, Permits, and Certificates
- Risks of Recognizing Intangible Assets «**Goodwill**»
- Risks Related to Trademarks Relied upon by the Company
- Risks Related to Saudization and Saudi Labor Law Requirements
- Risks Related to the Company's Dependence on its Senior Management and Key Employees
- Risks Related to the Development of Production Lines and Asset Replacement
- Risks of Impairment of Property, Plant, and Equipment
- Risks Related to Disruption of Manufacturing Operations at the Company's Factories and its Subsidiaries
- Risks Related to Insufficient Insurance Coverage
- Credit Risk
- Risks Related to the Transportation of the Products of the Company and Subsidiaries
- Risks Related to Exporting the Company's Products
- Risks Related to Inventory Management
- Risks Related to Improper Storage
- Risks Related to Contracts and Agreements with Third Parties
- Risks Related to Employee Errors and Misconduct
- Risks Related to the Company and its Subsidiaries' Reliance on Leased Properties
- Risks Related to the Closure of the Company's Factories
- Risks Related to Non-Compliance with Quality Standards and Specifications Required by Customers
- Risks Related to Potential Changes in the Use of the Offering Proceeds
- Risks Related to Future Financing
- Risks Related to Potential Zakat Entitlements
- Risks Related to Credit Facilities, Financing Agreements, and Loans
- Risks Related to Lawsuits and Claims

- Risks of Geographical Concentration of the Company's Sales
- Risks Related to Concentration of Deals with Certain Suppliers
- Risks Related to Reliance on Key Customers
- Risks of Liquidity
- Risks Related to Restating Prior Years Financial Statements

2- Risks Related to the Market and Sector in which the Issuer Operates

- Risks Related to the Economic Performance of the Kingdom
- Risks Related to Energy and Water Prices
- Risks Related to Declining Demand for Clay Pipes
- Risks of Slowdown in Projects Requiring Infrastructure Works
- Risks Related to the Limited Decision-Makers Regarding the Type of Pipes Used in Projects
- Risks Related to Non-Compliance with Existing Laws and/or Issuance of New Laws and Regulations
- Risks Related to Changes in Import and Export Regulations
- Risks Related to Political and Economic Instability in the Middle East
- Risks Related to the New Companies Law and Amended Governance Regulations
- Risks Related to the Imposition of New Fees or Taxes
- Risks Related to Value-Added Tax
- Risks Related to Currency Exchange Rates
- Risks Related to Interest Rate Fluctuation
- Risks Related to Fluctuations in Supply and Demand

3- Risks Related to the Offered Securities

- Risks Related to Liquidity and Share Price Volatility
- Risks Related to Potential Fluctuations in the Price of Rights
- Risks Related to the Lack of Demand for the Rights and the Company's Shares
- Risks Related to Non-Distribution of Dividends
- Risks Related to Declining Ownership Rates
- Risks Related to Trading in the Rights
- Risks Related to Forward-Looking Statements
- Risks Related to Poor Shareholder Awareness of the Mechanism for Trading and Exercising Rights
- Risks Related to the Possibility of Issuing New Shares in the Future
- Risks Related to Suspension or Cancellation of Trading in a Company's Shares Due to Failure to Publish its Financial Statements Within the Regulatory Period
- Risks Related to the Failure to Ensure Eligible Persons Receive Compensation

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01

Terms and Defininitions

1- Terms and Definitions

Table No. (1) :Terms and Definitions

Terms and Definitions	
The Company or the Issuer	Saudi Vitrified Clay Pipe Company, a Saudi joint stock company under Commercial Registration No. (1010014993) issued on 08/03/1398H (corresponding to 16/02/1978G).
SVCP	Clay pipes segment.
Underwriting Agreement	Underwriting Agreement between the Company and the Underwriter with respect to the offering.
Rules on the Offer of Securities and Continuing Obligations	The Rules on the Offer of Securities and Continuing Obligations issued by the board of the Capital Market Authority under resolution no, 3-123-2017, dated 09/04/1439H (corresponding to 27/12/2017G), based on the Capital Market Law issued under Royal Decree no. M/30, dated 02/06/1424H, and amended under the Capital Market Authority Board resolution no. 1-135-2025, dated 03/06/1447H (corresponding to 24/11/2025G) and its amendments.
Listing Rules	Listing Rules issued by the Board of Directors of the Saudi Stock Exchange and approved by the Capital Market Authority Board Resolution No. (3-123-2017) dated 09/04/1439H (corresponding to 27/12/2017G) and amended by the Capital Market Authority Board Resolution No. (1-104-2019) dated 01/02/1441H (corresponding to 30/09/2019G) and amended by the Capital Market Authority Board Resolution No. (1-22-2021) dated 12/07/1442H (corresponding to 24/02/2021G) and amended by the Capital Market Authority Board Resolution No. (1-19-2022) dated 12/07/1443H (corresponding to 13/02/2022G) and amended by the Capital Market Authority Board Resolution No. (1-52-2022) dated 12/09/1443H (corresponding to 13/04/2022G) and amended by virtue of Capital Market Authority Board Resolution No. (3-96-2022) dated 10/02/1444H (corresponding to 06/09/2022G) and amended by virtue of Capital Market Authority Board Resolution No. (1-108-2022) dated 23/03/1444H (corresponding to 19/10/2022G) and amended by virtue of Resolution No. (4-114-2024) dated 04/04/1446H (corresponding to 07/10/2024G) and amended by virtue of Resolution No. (1-48-2025) dated 02/11/1446H (corresponding to 30/04/2025G) and amended by virtue of Resolution No. (2-53-2025) dated 21/11/1446H corresponding to (19/05/2025G) and amended by virtue of Resolution No. (2-135-2025) dated 03/06/1447H corresponding to (24/11/2025G).
Corporate Governance Regulations	Corporate Governance Regulations in the Kingdom of Saudi Arabia, issued by the Board of the Capital Market Authority under resolution no. 8-16-2017, dated 16/05/1438H (corresponding to 13/02/2017G), based on the Companies Law issued under Royal Decree No.(M/3) on 28/01/1437H (corresponding to 10/11/2015G) and amended by a resolution from the Board of the Capital Market Authority by Resolution No (8-5-2023) dated 25/06/1444H (corresponding to 18/01/2023G) based on the Companies Law issued by Royal Decree No. (M/132) dated 01/12/1443H (corresponding to 30/06/2022G) and its amendments..
CMA or the Authority	Capital Market Authority in the Kingdom of Saudi Arabia
Capital Market Law	The Capital Market Law issued by Royal Decree No. M/30 on 02/06/1424H (corresponding to 31/07/2003G) and amendments thereto.
Saudi Stock Exchange or Capital Market or Stock Market or the Exchange	Saudi Stock Exchange.
By-Laws	The Company By-Laws
Board or Board of Directors	The Company's Board of Directors whose names appear on page No (E).

Terms and Definitions

Companies Law or Companies Regulations	The Companies Law in the Kingdom of Saudi Arabia, promulgated by Royal decree no. (M/3), dated 28/01/1437H (corresponding to 10/11/2015G) as amended by Royal Decree No. (M/132) dated 01/12/1443H (corresponding to 30/06/2022G) and any amendments thereto.
Lead Manager	Musharaka Capital Company.
Underwriter	Wasatah Capital Company.
Net Offering Proceeds	The net Offering Proceeds after deducting the Offering expenses
Offering Price	(10) Ten Saudi Riyals per share.
Share	A fully paid share of the Company's Ordinary shares with a nominal value of (10) ten Saudi Riyals.
Offered Shares for Subscription	(8,000,000) eight million ordinary shares.
Rights or Pre-emptive Rights	They are tradable securities that give to their holders the right to subscribe to New Shares upon approval of the capital increase. It is an earned right for all Registered Shareholders, and each Right entitles its holder to subscribe to one share of the New Shares at the Offering Price. Rights will be deposited after the Extraordinary General Assembly relating to capital increase. These Rights will appear in the Registered Shareholder accounts under a new pre-emptive right-related symbol. Registered Shareholder will be notified of depositing the Rights in their portfolios
Capital	The balance shown as an independent item within shareholders' equity in the statement of financial position.
Eligibility Factor	The result of dividing the number of New Shares by the number of existing shares of the Company.
Remaining Shares	The remaining shares that were not subscribed to during the Subscription Period.
Right trading price	It is the price at which the Right is traded, knowing that it is determined through the mechanism of supply and demand. Therefore, it may differ from the Indicative Value of the Right.
Indicative Value of the Right	The difference between the market value of the Company shares during the Trading Period and the Offering Price.
Offering Period or Subscription Period	The period starting from **/**/****H (corresponding to **/**/****G) to the day of **/**/****H (corresponding to **/**/****G).
Trading Period	The period from ***. **/**/****H (corresponding to **/**/****G), and continues until the end of trading on ***. **/**/****H (corresponding to **/**/****G).
Date of Allocation	The date on which the final allocation process will be announced is no later than **/**/****H (corresponding to **/**/****G).
Rump Offering	Offering any remaining unsubscribed shares by Eligible Persons to investment institutions by Offering them during the Rump Offering Period.
Rump Offering Period	The period starting from **/**/****H (corresponding to **/**/****G) to the day of **/**/****H (corresponding to **/**/****G).
Subscriber	Each eligible shareholder subscribes or submits an application to subscribe for the Rights Issue Shares in accordance with the terms and conditions of the Company's share issue.
Listing	To list securities on the main market or – where applicable – to submit an application for listing to the Saudi Tadawul Company (Tadawul)

Terms and Definitions

Institutional Investors	<p>Include a number of institutions, as follows:</p> <ol style="list-style-type: none"> 1- Government entities and Government owned companies, whether investing directly or through a portfolio manager, or any international entity recognized by the CMA, the Exchange or any other stock exchange recognized by CMA or the Depository Center. 2- Mutual funds established in the Kingdom and publicly offered besides private funds which invest in the securities listed in the Saudi Stock Exchange, if such is permitted by the fund's terms and conditions and subject to the provisions and restrictions provided in the Investment Fund Regulations. 3- Persons authorized to deal in securities as principals, provided that the financial adequacy requirements are observed. 4- Customers of a capital market institution to conduct management activities, provided that such capital market institution has been appointed on terms upon which it may make decisions regarding the acceptance of the Offering subscription and investment in Tadawul on behalf of the customer without obtaining prior approval. 5- Any legal persons that may open an investment account in the Kingdom and an account with the Depository Center, taking into consideration the rules and regulations that apply on investments by listed companies in securities provided that the participation by such Company shall not cause any conflict of interest. 6- GCC Investors with Legal Personality, including companies and funds established in the GCC countries. 7- Foreign investors.
Brokers	They are the market institutions licensed through the Capital Market Authority to engage in the activity of dealing in securities in the capacity of a Broker.
Person	Natural Person.
Eligible Persons or Eligible Shareholders	All holders of pre-emptive Rights whether Registered Shareholder or shareholders who bought pre-emptive Rights during the Trading Period.
Registered Shareholder	The shareholders owning shares at the end of the trading on the day of the EGM related to capital increase, and who are registered in the Company shareholders' register in the Depository Center at the end of the second trading day following the Extraordinary General Assembly meeting.
New Investors	Public individuals and Institutional Investors - with the exception of the Registered Shareholders - who purchased the Rights during the Trading Period.
shareholder or shareholders	The holder or holders of the Company's shares at any given time.
Substantial Shareholders	Shareholders who own 5% or more of the Company's shares
Management or Senior Management or Executive Management or Senior Executives	People responsible for managing the operations of Saudi Vitrified Clay Pipe Company, proposing and implementing strategic decisions.

Terms and Definitions

Public	<p>Means persons other than those mentioned below:</p> <ol style="list-style-type: none"> 1- Affiliates of the Issuer. 2- Substantial Shareholders of the Issuer. 3- Directors and Senior Executives of the Issuer. 4- Directors and Senior Executives of the affiliates of the Company. 5- Directors and senior executives of the Issuer's substantial shareholders. 6- Any relatives of persons referred to in (1, 2, 3, 4 and 5 above). 7- Any other company or establishment controlled by any person referred to in (1, 2, 3, 4, 5 and 6 above). 8- Persons acting in concert and collectively owning 5% or more of the class of shares to be listed.
Relatives	<p>The husband, wife and minor children. For the purposes of the Corporate Governance Regulations, the term includes:</p> <ul style="list-style-type: none"> • Fathers, mothers, grandfathers and grandmothers (and their ancestors). • Children, grandchildren and their descendants. • Siblings, maternal and paternal half-siblings. • Husbands and wives.
Related Parties	<ol style="list-style-type: none"> 1- Affiliates of the Issuer. 2- Substantial Shareholders of the Issuer. 3- Directors and Senior Executives of the Issuer. 4- Directors and Senior Executives of the affiliates of the Company. 5- Directors and senior executives of the Issuer's substantial shareholders. 6- Any relatives of persons referred to in (1, 2, 3, 4 and 5 above). 7- Any other company or establishment controlled by any person referred to in (1, 2, 3, 4, 5 and 6 above). 8- Persons acting in concert and collectively owning 5% or more of the class of shares to be listed
Prospectus	This document which is prepared by the Company in relation to pre-emptive Rights shares subscription.
Working Day	Any business day except Friday and Saturday, any day that is an official holiday in the Kingdom of Saudi Arabia, and any day on which banking institutions close their doors from business in the Kingdom in accordance with the applicable regulations and other government procedures.
Calendar Day	Any day, whether it's a business day or not.
«SAR» or «SR» or Riyal	Saudi Riyal. The official currency of the Kingdom of Saudi Arabia.
Existing Shares	The Company's Ordinary Shares, numbering (15,000,000) fifteen million ordinary shares.
Advisors	The Company's advisors involved in the Offering whose names appear on pages (H) and (G).
Financial Advisor	Aldukheil Financial Group.
Legal Advisor	Mohammed Al Dhabaan & Partners Eversheds Sutherland.
Financial Due Diligence Advisor	Bakertilly Professional Consulting Company.
Legal Advisor to the Financial Advisor, Lead Manager and Underwriter	Anas Mohammed Al Sheikh Law Firm.

Terms and Definitions

Market Research Advisor	Euromonitor International Limited Company.
Certified Public Accountants (Auditors)	RSM Allied Accountants and Yasser Zouman Al-Zouman, Khaled Fawzan Al-Fahad, and Zahir Abdullah Al-Hajjad CPA
Tadawul System	The automated system for trading shares in the Saudi Stock Exchange.
Kingdom or Saudi Arabia	Kingdom of Saudi Arabia.
Government	Government of the Kingdom of Saudi Arabia.
Ministry of Commerce	Ministry of Commerce of the Kingdom of Saudi Arabia.
General Assembly	The General Meeting that is held in the presence of the Company's shareholders in accordance with the provisions of the Companies Law and the Company's articles of association, and it may be ordinary or extraordinary.
Ordinary General Assembly	The Ordinary General Assembly Meeting of the Company's shareholders, held in accordance with the Company's Articles of Association.
The Extraordinary General Assembly	The Extraordinary General Assembly Meeting of the Company's shareholders, held in accordance with the Company's Articles of Association.
«EDAA» or «Depository» or Securities Depository Center Company	It is a closed joint stock company owned by the Saudi Tadawul Group (Tadawul). It was established in 2016G pursuant to the Saudi Companies Law issued by Royal Decree No. M/3, dated 28/01/1437H (corresponding to 10/11/2015G).
Value Added Tax (VAT)	The Council of Ministers decided on 02/05/1438H (corresponding to 30/01/2017G) to approve the Unified Value Added Tax Agreement for the Gulf Cooperation Council (GCC) countries. Value Added Tax (VAT) is an indirect tax imposed on all goods and services purchased and sold by businesses, with some exceptions. The Kingdom of Saudi Arabia has committed to implementing a 5% VAT effective 14/04/1439H (corresponding to 01/01/2018G). VAT is imposed at every stage of the supply chain, from production through distribution to the final sale of the good or service. Starting in July 2020G, the Saudi Arabian government decided to increase the value-added tax (VAT) rate from 5% to 15%. A number of products were exempted, including basic foodstuffs and services related to healthcare and education. Consumers pay the VAT on the goods and services they purchase. Businesses pay the government the VAT collected from consumer purchases, and businesses reclaim the VAT they paid to their suppliers.
Raw Materials	This refers to the clay material used as a primary ingredient in the manufacturing of the Company's products.
Company Quarries	These are the locations from which the Company sources the clay used in the manufacture of its products.
Vitrified Clay Pipes	These are pipes made of high-quality pottery and covered with a glass layer (glaze) to provide resistance to chemical reactions and natural elements.
Elbows	These are special fittings used in sewage networks to change the direction of pipelines at a specific angle.
Splitters	These are special fittings used in sewage networks to connect pipes and branch them in multiple directions.
Drop-off Connections	These are fittings used to connect pipelines located at different levels within the sewage network.
Connecting Rings	Fittings used to connect clay pipes to each other or to other types of pipes.
Flexible Joints	Fittings used to provide additional flexibility at connection points.
Semicircular Ducts	Semicircular clay sections used for rainwater drainage.
Perforated Pipes	Pipes with regular perforations allow groundwater or seepage from the soil to be collected and conveyed to public sewerage networks.
Horizontal boring pipes	These are concrete pipes specifically designed for use in stormwater and sewerage networks without the need for open excavation (traditional digging).

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Cutting (shearing) machines	Special tools are used to precisely cut clay pipes to the required lengths during on-site installation.
HDPE pipes	These are plastic pipes used in sewage and groundwater drainage networks.
Clay pipes (Vitrified clay pipes (VCP))	These pipes are made from a mixture of clay and shale that has been exposed to high temperatures to achieve a vitrification process.
Concrete pipes	They are pipes made of reinforced concrete (made by adding reinforcing steel to the concrete), and are used for their strength, durability and sustainability.
Company Strategy	The Company's current and future plans aim to improve performance and increase profitability.
Vitrification	It is a surface coating with a smooth, corrosion-resistant material, such as glass.
Silica Material	A natural compound used in the Vitrification process for pottery pipes.
Clay material	A type of natural clay used in the Vitrification process for pottery pipes.
Polyvinyl Chloride (PVC)	Polyvinyl chloride (PVC) is a lightweight, synthetic plastic with high chemical and corrosion resistance. It is widely used in the manufacture of pipes, cables, windows, flooring, and other products, and is a key material in water, sewage, and electrical networks.
Hydrostatic Pressure Testing	A hydrostatic pressure test is an inspection used to verify the quality and geometry of pipes, their ability to withstand high water pressure, and to detect any leaks.
Shuttle Kilns	Kilns used in the production stages of clay pipes. They are opened and closed manually or automatically, loaded and unloaded in batches, and are used to burn specific quantities of product.
Tunnel Kilns	Kilns used in the production stages of clay pipes are characterized by their length and the continuous movement of products within them along a fixed path. They are used for continuous and large-scale production.
Connections	These are the connections and accessories required to create an integrated sewer network, such as elbows and splitters.
Saudi Authority for Industrial Cities and Technology Zones (MODON)	The Saudi Authority for Industrial Cities and Technology Zones (MODON) is a governmental body with an independent legal personality. It was established based on Cabinet Resolution No. (235) dated 27/08/1422H and is directly linked to His Excellency the Minister of Industry.
Zakat, Tax and Customs Authority	The Zakat, Tax and Customs Authority of the Kingdom of Saudi Arabia is a government agency that reports organizationally to the Minister of Finance. It is the body responsible for collecting Zakat and taxes.
Ministry of Industry and Mineral Resources	Ministry of Industry and Mineral Resources in the Kingdom.
Gross Domestic Product	Saudi Arabia's gross domestic product (GDP) is a key economic measure used to calculate the total value of goods and services produced within a country's borders over a specific period of time. GDP is based on the summation of the value of production across all economic sectors, such as industry, services, and agriculture, and is used as a key indicator of economic progress or decline.
Compound Annual Rate	A method used to calculate the growth rate of a particular item over a specific period of time.
Saudization	Replacing expatriate workers with Saudi citizens in private sector jobs.
SOCPA	Saudi Organization for Chartered and Professional Accountants (SOCPA)
International Financial Reporting Standards (IFRS)	A set of accounting standards and interpretations issued by the Board of International Financial Reporting Standards (IFRS).
GCC	Gulf Cooperation Council.

Terms and Definitions

Rules Governing Foreign Investment in Securities	These are rules regulating investment in securities by non-Saudi persons residing outside the Kingdom. They were issued by the Board of the Capital Market Authority pursuant to Resolution No. 2-26-2023 dated 05/09/1444H (corresponding to 27/03/2023G) based on the Capital Market Law issued by Royal Decree No. M/30 dated 02/06/1424H and amended by the Capital Market Authority (CMA) Board Resolution No. (1-2-2026) dated 16/07/1447H (corresponding to 05/01/2026G).
GOSI	General Organization for Social Insurance in the Kingdom.
Ministry of Municipalities and Housing	The Ministry of Municipalities and Housing in the Kingdom of Saudi Arabia. Note that on 15/01/1446H (corresponding to 21/07/2024G), a royal decree was issued amending the name of the «Ministry of Municipal and Rural Affairs and Housing» to become the «Ministry of Municipalities and Housing».
Fiscal year/fiscal years	It is the period of time for presenting the results of the entity's activity and whose beginning and end are specified in the Bylaws or Articles of Association of the concerned company. Noting that the Company's financial year ends on December 31 of each Gregorian year.
Financial Statements	The audited financial statements for the fiscal years ending December 31, 2022G and 2023G, and the audited consolidated financial statements for the fiscal year ending December 31, 2024G, and the unaudited consolidated financial statements for the financial period ended June 30, 2025G prepared in accordance with the International Financial Reporting Standards (IFRS) as approved by Saudi Organization for Chartered and Professional Accountants (SOCPA).
(ISO)	International Organization for Standardization (ISO).
Affiliates	This refers to «Saudi Land Factory for Cement Products (SLF)» and «Laffan Pipes Company».
H	Hijri calendar.
G	Gregorian calendar.
Vision 2030	The national strategic economic program that aims to reduce dependence on the oil and petrochemical industry, diversify the Saudi economy, and develop public services.
Clay Pipe Segment	The Company's clay pipe manufacturing business is carried out through its parent company, Saudi Vitrified Clay Pipe Company.
Concrete Pipe Segment	The Company's concrete pipe manufacturing business which is carried out through its subsidiary, Saudi Land Factory for Cement Products (SLF).
Plastic Pipe Segment	The Company's plastic pipe manufacturing business which is carried out through its subsidiary, Laffan Pipes Company.



02

Risk Factors

2- Risk Factors

Potential investors should carefully consider all the information contained in this Prospectus, including in particular the risk factors listed below, before making any decision to subscribe for the New Shares or the rights issue. Note that the risks described in this section of the Prospectus are not inclusive of all the risks the Company may face. There may be other risk factors not currently known to the Group, or which the Company considers immaterial, which could have a significant impact on its operations, cash flows, and future prospects if any of them occur or materialize.

The Board of Directors also declare that, to the best of their knowledge and belief, there are no material risks, the omission of which would influence the decision of shareholders and potential investors as of the date of this Prospectus, except as disclosed in this section. All potential investors wishing to subscribe for the New Shares or Rights Shares should evaluate the risks and benefits of such an investment in the New Shares or Rights Shares in general, and the economic and regulatory environment in which the Company operates, in particular.

Investing in the shares offered under this Prospectus involves high risks. Therefore, investing in the New Shares or Rights Shares is only suitable for investors who are able to evaluate its risks and benefits and who have sufficient resources to bear any losses resulting from such investment. Any potential investor with any doubts about subscribing to the Rights Shares should seek advice regarding these investments from a financial advisor licensed by the Capital Market Authority. If any of the risk factors that the Company currently believes are material, or any other risks that the Company has not identified or that it currently considers immaterial, materialize, this will result in a decline in the market value of the shares, and potential investors may lose part or all of their investments.

The risks described below are listed in an order that does not reflect their degree of significance. Additional risks that are unknown or currently considered immaterial may have the effects described in this Prospectus.

2-1 Risks Related to the Company's Business and Operations

2-1-1 Risks Related to Accumulated Losses

Retained earnings decreased from (43,534,961) forty-three million, five hundred and thirty-four thousand, nine hundred and sixty-one Saudi Riyals as of December 31, 2022G, to accumulated losses of (15,126,010) fifteen million, one hundred and twenty-six thousand and ten Saudi Riyals as of December 31, 2023G, representing about (10%) of its capital of (150,000,000) one hundred and fifty million Saudi Riyals. This is mainly due to operating losses and losses of impairment of machinery, property and equipment amounting to (46,413,761) forty-six million, four hundred and thirteen thousand, seven hundred and sixty-one Saudi Riyals. The company incurred a comprehensive loss of (107,837,410) one hundred seven million, eight hundred thirty-seven thousand, four hundred ten Saudi Riyals as of December 31, 2024G, primarily driven by a significant impairment loss on machinery, property, and equipment amounting to (80,237,609) eighty million, two hundred thirty-seven thousand, six hundred nine Saudi Riyals. As a result, its accumulated losses as of December 31, 2024G, reached (47,963,420) forty-seven million, nine hundred sixty-three thousand, four hundred twenty Saudi Riyals, representing approximately 32% of the company's capital of (150,000,000) one hundred fifty million Saudi Riyals. The company's accumulated losses as of September 30, 2025G, amounted to (57,517,452) fifty-seven million, five hundred and seventeen thousand, four hundred and fifty-two Saudi Riyals, representing approximately (38%) of the company's capital as of September 30, 2025G. It is worth noting that on 03/05/1446H (corresponding to 05/11/2024), the Extraordinary General Assembly approved the Board of Directors' recommendation to transfer the balance of the statutory reserve amounting to (75,000,000) seventy-five million Saudi Riyals as of December 31, 2023G, to offset the company's accumulated losses of (35,248,226) thirty-five million, two hundred and forty-eight thousand, two hundred and twenty-six Saudi Riyals, which represent (23.49%) of the company's capital as of June 30, 2024G. Note that the Board of Directors issued its recommendation on 06/08/2024G to increase the capital by offering priority rights shares in the amount of (80,000,000) eighty million Saudi Riyals, representing an increase in the capital of (150,000,000) one hundred and fifty million Saudi Riyals by (53.3%) before the offering, so that the company's capital after the increase becomes (230,000,000) two hundred and thirty million Saudi Riyals.

There is no guarantee that the Company will not incur further losses in the future. In the event that this occurs, the Company will be subject to a number of relevant regulations and instructions in the Kingdom of Saudi Arabia, specifically Article (132) of the Companies Law, which obligates the members of the Company's board of directors to disclose to the Company's shareholders when those losses reach half of the capital, and to submit the necessary recommendations regarding them to the Company's shareholders within (60) sixty days from the date of their knowledge of that. Also, the board shall within (180) one hundred and eighty days call for an extraordinary general assembly to meet to consider the Company's continuation and take any necessary measures to address those losses or dissolve the Company before the deadline specified in its Articles of Association.

It is also worth noting that, in accordance with the procedures and instructions for companies whose shares are listed on the market and whose accumulated losses have reached 20% or more of their capital, issued by the Board of the Capital Market Authority pursuant to Resolution No. (4-48-2013) dated 15/01/1435H (corresponding to 18/11/2013G), based on the Capital Market Law issued by Royal Decree No. M/30 dated 02/06/1424H and amended by Resolution No. (8-5-2023) dated 25/06/1444H (corresponding to 18/01/2023G), and in accordance with Article Four (4) of the Regulations, if the Company's accumulated losses reach 35% or more up to 50% of its capital, the Company must announce this event immediately, and the announcement must include the amount of accumulated losses and their percentage of capital, the main reasons that led to these losses and the procedures that the Company will take regarding that. The announcement should indicate that these procedures and instructions will be applied to it. Furthermore, pursuant to the regulations, the market adds a mark next to the Company's name on the market's website indicating that the Company's accumulated losses reach 35% or more and less than 50% of its capital, immediately upon issuance of the accumulated losses announcement.

If the Company is unable to achieve profits in the future, or if the Company continues to incur annual losses in the future, this will impact the Company's financial performance and continuity, resulting in a material adverse effect on the Company's business, results of operations, and future prospects.

2-1-2 Risks Related to the Company's Inability to Continue

The Company has incurred accumulated losses amounting to (15,126,010) fifteen million, one hundred and twenty-six thousand and ten Saudi Riyals, representing approximately (10%) of its capital amounting to (150,000,000) one hundred and fifty million Saudi Riyals as of December 31, 2023G. Its accumulated losses amounted to (47,963,420) forty-seven million, nine hundred and sixty-three thousand, four hundred and twenty Saudi Riyals, representing approximately (32%) of its capital as of December 31, 2024G. The Company's accumulated losses for the financial period ending on September 30, 2025G amounted to (57,517,452) fifty-seven million five hundred seventeen thousand four hundred fifty-two Saudi Riyals, representing approximately (38%) of the Company's capital as of 30 September 2025G, noting that the company did not record accumulated losses in the fiscal year ending December 31, 2022G. Furthermore, general and administrative expenses represent a significant portion of the company's total operating costs (averaging approximately 30% of total sales during the fiscal years ending December 31, 2022G, 2023G, 2024G, and the fiscal year ending June 30, 2025G), making them highly vulnerable to downward pressure on profitability, especially during periods of declining sales. The substantial proportion of executive salaries and benefits within these expenses reflects limited short-term cost control. This structure increases the risk of margin erosion and limits the company's ability to achieve operational efficiency improvements, making disciplined management of administrative expenses essential for maintaining profitability and enhancing future competitiveness.

The percentage of accumulated losses may increase again in the future if the Company fails to correct its financial performance, fails to implement its strategy, or fails to achieve the success of its new projects (for more information, please see Section 2-1-3 «**Risks Related to the Inability to Implement the Strategy**» and Section 2-1-4 «**Risks Related to the Failure of New Projects**»), which would expose the Company to the possibility of its inability to continue operating as a result of its continuous incurring of losses, which may lead to the company's inability to continue as a going concern.. Should this occur, it would have a material adverse impact on the Company's business, results of operations, prospects, and its shareholders.

2-1-3 Risks Related to the Inability to Implement the Strategy

The Company's ability to increase its revenues and improve profitability depends on the effective implementation of its business plans and the successful achievement of its strategy. The Company's strategy relies on several factors, including increasing its market share, expanding the reach of its products to target new growth areas, continuing to improve its sales model and customer experience, increasing the Company's capital productivity, and finding optimal solutions for operating costs (please see Section 4-5-3 «**Corporate Strategy**» of this Prospectus).

Furthermore, the implementation of any future business expansion plans will be subject to estimated costs and a defined implementation schedule (for further information, please refer to Section 7-2 «**Use of the Offering Proceeds**» of this Prospectus). The Company's ability to execute its current strategy is subject to various factors, some of which are beyond its control. Additionally, coordination and compatibility risks may arise when integrating new facilities, personnel, and departments into the Company's overall operations, potentially requiring additional resources to address these challenges. Failure to execute or manage the Company's growth strategy for any reason will have a material adverse impact on the Company's business, results of operations, and prospects.

Additionally, the company's recent expansion through the acquisition of Saudi Land Cement Products Factory in February 2024G and the establishment of Laffan Pipes Company in June 2024G has introduced a degree of operational uncertainty. Given the lack of historical financial performance data for Saudi Land Cement Products Factory, the ability to assess its efficiency and the impact of its integration on the group's results remains limited. Moreover, Laffan Pipes Company has not yet commenced operations, making its future profitability and potential contribution to the group's performance uncertain.

The group's sales growth during the six-month period ending June 30, 2025G, was heavily dependent on the operations of Saudi Land Cement Products Factory, further increasing the group's exposure to its performance. Consequently, the absence of a solid operational track record for both entities poses a risk to the effectiveness of the company's overall expansion strategy and its ability to achieve sustainable short-term growth.

There is no guarantee that the Company's successful implementation of its strategy will lead to improved results of operations. The management will periodically review and evaluate the business strategy with the Board of Directors. Accordingly, the Company may decide to change certain aspects of its business strategy, suspend implementation, or adopt alternative or additional strategies as required by its operating environment, competitive position, or other factors and events. If the Company is unable to implement any part of its strategy for any reason, this will have a material adverse effect on the Company's business, results of operations, financial condition, and future prospects.

2-1-4 Risks Related to the Failure of New Projects

The Company has acquired the Saudi Land Factory for Cement Products (SLF) and the establishment of Laffan Pipes Company. It also signed a partnership agreement on 11/08/2024G, with Doha Concrete Blocks Factory Establishment, transferring 45% of the total shares of the Saudi Land Factory for Cement Products (SLF) to Doha Concrete Blocks Factory Establishment. This agreement is in exchange for Doha Concrete Blocks Factory Establishment contributing the agreed-upon machinery and equipment, including their transportation and installation at the Saudi Land Factory for Cement Products (SLF), in addition to the agreed-upon cash contribution. In addition, the Saudi Vitrified Clay Pipe Company (SVPC) established Laffan Pipes Company on 03/06/2024G. It also entered into a partnership agreement on 11/08/2024G, between the Saudi Vitrified Clay Pipe Company and Laffan Pipe Factory Company in Qatar. The two parties agreed that the Saudi Vitrified Clay Pipe Company would transfer 45% of the total shares of Laffan Pipes Company to Laffan Pipe Factory Company in Qatar. In exchange, Laffan Pipe Factory Company in Qatar would provide Laffan Pipes Company with the agreed-upon machinery and equipment, along with their transportation and installation (for more information, please see Section 2-1-5 «**Risks Related to Material Agreements and Their Contingent Obligations**» of this Prospectus).

However, the success of these new projects cannot be guaranteed. If they fail due to economic infeasibility, insufficient demand, or regulatory authorities' reluctance to use a specific type of pipe (for more information, please see Section 2-2-5 «**Risks Related to Limited Decision-Makers Regarding the Type of Pipes Used in Projects**»), this will have consequences that will lead to the

failure of these new projects, which will have a material and negative impact on the Company's business, financial condition, results of operations, and future prospects.

It should also be noted that the process of merging and integrating the operational and administrative processes of the subsidiaries requires increased daily oversight and monitoring by management, as well as ensuring the availability of an appropriate management team to maintain the Company's overall performance. Consequently, the Company may incur additional operating expenses to integrate and supervise the operational processes. If the Company's management is unable to address these variables associated with the increased volume of its operations while maintaining the required level of effectiveness, efficiency, quality, and cost management, this will have a significant and negative impact on the Company's business, financial condition, results of operations, and future prospects.

2-1-5 Risks Related to Material Agreements and their Contingent Liabilities

On 06/02/2024G, the Company signed a share sale and purchase agreement to acquire all shares in Saudi Land Factory for Cement Products (SLF) for a total value of twenty-five million Saudi Riyals (SAR 25,000,000). The acquisition procedures were completed on 20/03/2024G. The capital of Saudi Land Factory Company is fourteen million seven hundred thousand Saudi Riyals (SAR 14,700,000). On 14/02/2024G, the Company signed a memorandum of understanding with Doha Concrete Blocks Factory Establishment, a sole proprietorship registered in the State of Qatar under Commercial Registration No. (31458) dated 03/10/2005G, owned by Mr. Ahmed Mohammed Tayeb Hashem Burgan Mustafawi. According to the signed memorandum of understanding, the two parties agreed to participate in the Saudi Land Factory for Cement Products (SLF) and convert its legal entity into a closed joint-stock company with a capital of (50,000,000) fifty million Saudi Riyals.

The two parties agreed that the contribution ratios in the capital of the Saudi Land Factory for Cement Products (SLF) would be 55% as the contribution of the Saudi Vitrified Clay Pipe Company, and 45% as the contribution of the Doha Concrete Blocks Factory Establishment. The Company's contribution will be a cash contribution, including the value of the acquisition of the Saudi Land Factory for Cement Products (SLF) in the amount of (25,000,000) twenty-five million Saudi Riyals, and the partial repayment of the due payments of the Saudi Land Factory for Cement Products (SLF) in the amount of (2,500,000) two million and five hundred thousand Saudi Riyals from the Industrial Development Fund loan. In addition to the Company's capital contribution, and according to the sale and purchase agreement with the previous owner of Saudi Land Factory for Cement Products (SLF), the Company committed to paying an additional sum of (600,000) six hundred thousand Saudi Riyals to the Industrial Development Fund for outstanding payments owed by Saudi Land Factory for Cement Products (SLF), and the sum of (2,260,178) two million two hundred and sixty thousand one hundred and seventy-eight Saudi Riyals, which is a debt owed by Saudi Land Factory for Cement Products (SLF) to the Saudi Authority for Industrial Cities and Technology Zones «MODON». The contribution of the Doha Concrete Blocks Factory Corporation will be an in-kind contribution in the form of equipment and production machinery for the factory, estimated at (17,000,000) seventeen million Saudi Riyals, in addition to a cash contribution of (5,050,000) five million and fifty thousand Saudi Riyals. In addition to its capital contribution based on its ownership ratio, Doha Concrete Blocks Factory Establishment paid an amount of (2,450,000) two million four hundred and fifty thousand Saudi Riyals as an additional balance to Doha Concrete Blocks Factory Establishment, to be deducted from any contributions that may be requested from the parties later in exchange for its ownership of the agreed-upon shares.

On 11/08/2024G, a partnership agreement was signed between the Company and Doha Concrete Blocks Factory Establishment. The two parties agreed that the Company would transfer (450) shares, representing 45% of the total shares of the Saudi Land Factory for Cement Products (SLF), to Doha Concrete Blocks Factory Establishment. In exchange, Doha Concrete Blocks Factory Establishment would grant the Saudi Land Factory for Cement Products (SLF) the agreed-upon machinery and equipment, along with their transportation and installation, in addition to the cash contribution agreed upon with the Company.

The Company also signed another Memorandum of Understanding on 14/02/2024G with Laffan Pipe Factory Company, a limited liability company registered in the State of Qatar under Commercial Registration No. (129267) dated 24/01/2019G, owned by Mr. Abdul Hamid Mohammed Tayeb Hashim Burgan Mustafawi and Mr. Ali Mohammed Tayeb Hashim Burgan Mustafawi. Pursuant to the concluded Memorandum of Understanding, the two parties agreed to establish a subsidiary company called Laffan Pipe Company

in the Kingdom of Saudi Arabia, with a capital of (50,000,000) fifty million Saudi Riyals, and the percentage of contribution to the capital of Laffan Pipe Company to be 55% from the Saudi Vitrified Clay Pipe Company, and 45% from Laffan Pipe Factory Company. The Company's contribution will be a cash contribution equivalent to the value of the agreed-upon capital share, amounting to (27,500,000) twenty-seven million and five hundred thousand Saudi Riyals, a portion of which will be allocated to providing land, preparing the infrastructure, building and construction of the factory to be established.

Any excess will be deposited into the accounts of Laffan Pipes Company (Saudi Arabia). As for the contribution of Laffan Pipes Factory Company, it is an in-kind contribution represented by production equipment and machinery for the factory to be established, which has been estimated at (30,000,000) thirty million Saudi Riyals. The amount of (22,500,000) twenty-two million and five hundred thousand Saudi Riyals will be calculated as a contribution against the shares relinquished in Laffan Pipes Company. The remaining amount, which is (7,500,000) seven million and five hundred thousand Saudi Riyals, will be calculated as part of the contribution of the owner of the Doha Concrete Blocks Factory Establishment in the Saudi Land Factory for Cement Products (SLF).

In light of this, the Company established the subsidiary «**Laffan Pipes Company**» under Commercial Registration No. (1009047290) dated 26/11/1445H (corresponding to 03/06/2024G) with a capital of (500,000) five hundred thousand Riyals, fully owned by the Saudi Vitrified Clay Pipe Company. In completion of the Memorandum of Understanding, a partnership agreement was signed on 11/08/2024G between the Company and Laffan Pipes Factory Company «**Qatar**» and the two parties agreed that the Company would transfer (22,500) shares, representing 45% of the total shares of the Company, to Laffan Pipes Factory Company «**Qatar**», in exchange for granting Laffan Pipes Company the agreed-upon machinery and equipment, along with their transportation and installation, which represents the in-kind contribution estimated at (22,500,000) twenty-two million and five hundred thousand Saudi Riyals. The two parties also agreed to transform the Company into a closed joint-stock company and to increase its capital to (50,000,000) fifty million Saudi Riyals.

On 08/01/2025G, an industrial land lease agreement was concluded between Laffan Pipes Company and the Saudi Authority for Industrial Cities and Technology Zones («**MODON**») to establish a Laffan Pipes factory on the leased plot of land in the industrial city of Al-Kharj Governorate, with an area of 25,356 square meters. On 02/02/2025G, the Company signed a construction agreement with Kulna Wahid General Contracting Company («**the Contractor**») to construct the Laffan Pipes factory. The Contractor is committed to supplying and bringing in all necessary materials, tools, and equipment, implementing the project in accordance with approved specifications and requirements, and preparing a detailed project schedule that includes all implementation phases and specified completion dates. The project was completed and handed over during the first week of January 2026G. The company has begun the machinery installation phase, and the trial operation phase will commence after the installation work is finished. The total value of the project implementation under the agreement amounts to (16,644,252) sixteen million, six hundred and forty-four thousand, two hundred and fifty-two Saudi Riyals, excluding value-added tax, to be paid within a specified timeframe.

The above-mentioned partnership agreements constitute an obligation on both parties to implement the remaining terms of the agreements in the subsequent period, in particular, the obligations regarding the transfer of shares and the increase of capital on one hand, and the provision, transportation, and installation of machinery and equipment on the other hand. This is in addition to the obligations under the construction agreement related to the delivery date and required specifications. As of September 30, 2025G, the Company's potential liabilities amounted approximately (11,165,349) eleven million one hundred and sixty-five thousand three hundred and forty-nine Saudi Riyals, (82.8%) of the total liabilities relate to the agreement to establish the Laffan Pipes Company factory, (17.2%) of them relate to the value of equipment for the Saudi Land Factory for Cement Products (SLF), and (4%) of the total liabilities are the value of equipment for Laffan Pipes Company. Therefore, if the terms of the agreements are not fully implemented and the partnership process is not fully completed, the Company will have incurred significant costs for no reason. Furthermore, there is no guarantee that the relationship between the partners will remain in the best possible condition to implement the strategy and ensure business continuity. Otherwise, this would have a material and negative impact on the Company's operations, financial condition, and prospects.

2-1-6 Risks Related to the Company's Reliance on the Performance of its Subsidiaries

The Company relies heavily on the performance of its subsidiaries to support and improve its future financial results. During 2024G, the Company acquired Saudi Land Factory for Cement Products (SLF), which manufactures concrete pipe products. It also established Laffan Pipes Company, which will manufacture high-density plastic pipes. This is part of its strategy to diversify income sources and expand into sectors related to the pipe industry. The Company relies on the contribution of these subsidiaries to achieve its targeted growth and enhance its overall profitability. However, the performance of these companies may be affected by factors beyond the Company's control, such as changes in demand levels, rising raw material costs, intense competition in target markets, and economic fluctuations. This could negatively impact the Company's business, results of operations, financial condition, and future prospects. The following table shows the results of the subsidiaries as of December 31, 2024G:

Table No. (2) : Results of the subsidiaries as of December 31, 2024G

Statement	Fiscal year ending December 31, 2024G*			Percentage from the Company	Total	Percentage from the Company
	Saudi Land Factory for Cement Products (SLF)*	Percentage from the Company	Laffan Pipes Company ⁽¹⁾			
Total assets	43,746,407	28.23%	1,097,267	0.7%	44,843,674	28.9%
Total liabilities	34,263,663	64.7%	913,607	1.7%	35,177,270	22.7%
Revenues	8,292,138	14.2%	-	-	8,292,138	9.7%
Loss for the period	(5,176,342)	-(4.7%)	(316,340)	(0.3%)	(5,492,682)	(5.1%)

Source: Audited consolidated financial statements for the fiscal year ending December 31, 2024G.

(1) Laffan Pipes Company has not engaged in any business since its inception until December 31, 2024G.

* The Company acquired the Saudi Land Factory for Cement Products (SLF) and established Laffan Pipes Company during the year 2024G, and therefore they had no impact during the years 2022G and 2023G.

Statement	Fiscal year ending June 30, 2025G*					Percentage from the Company
	Saudi Land Factory for Cement Products (SLF)*	Percentage from the Company	Laffan Pipes Company ⁽¹⁾	Percentage from the Company	Total	
Total assets	54,717,975	33.62%	10,532,135	6.47%	65,250,110	40.09%
Total liabilities	43,475,482	53.73%	10,551,532	13.04%	54,027,014	66.77%
Revenues	14,178,729	50.91%	-	-	14,178,729	50.91%
Loss for the period	(1,262,619)	(6.24%)	(203,056)	(1.00%)	(1,465,675)	(7.25%)

Source: Management Information

(1) Laffan Pipes Company has not engaged in any business since its inception until June 30, 2025G.

* The Company acquired the Saudi Land Factory for Cement Products (SLF) and established Laffan Pipes Company during the year 2024G, and therefore they had no impact during the years 2022G and 2023G.

If the quality or type of manufactured products is inadequate, this will negatively impact the Company's performance. There is also no assurance that the aforementioned subsidiaries will be able to improve their performance in the future. If the Company continues to incur additional losses, this will have a material adverse impact on the Company's results of operations, financial condition, and future prospects.

2-1-7 Risks of Failure to Obtain and Renew the Required Licenses, Permits, and Certificates

The Company is subject to numerous regulations and laws that require it to obtain a number of licenses and permits necessary to conduct its business from the competent regulatory authorities in the Kingdom. The Company currently operates under a number of licenses, certificates, and permits related to its activities, including, but not limited to, licenses issued by the Ministry of Industry and Mineral Resources, commercial registration certificates issued by the Ministry of Commerce, trademark registration certificates, Chamber of Commerce membership certificates, municipal licenses, environmental permits, civil defense permits, Saudization, Zakat, and social insurance certificates (for more information, please see Section 10-3 «**Basic Licenses, Certificates, and Approvals**» of this Prospectus). These licenses must remain in effect on an ongoing basis, provided the Company complies with the laws and regulations related to these licenses. Failure to do so may result in the Company being unable to renew existing licenses or obtain new ones it may need for expansion purposes, which could result in the cessation or disruption of the Company's business, which would have a material adverse effect on the Company's results of operations, financial condition, and future prospects.

2-1-8 Risks of Recognizing Intangible Assets «Goodwill»

On 25/07/1445H (corresponding to 06/02/2024G), the Company acquired its subsidiary (Saudi Land Factory for Cement Products (SLF)), acquiring all of its shares in the Company for a cash consideration of (25,000,000) twenty-five million Saudi Riyals. On 18/11/1445H (corresponding to 26/05/2024G), the procedures for evaluating the net fair value of the acquired subsidiary were completed at a value of (15,124,747) fifteen million one hundred and twenty-four thousand seven hundred and forty-seven Saudi Riyals. This resulted in the recognition of certain intangible assets (goodwill). The acquisition was accounted for using the purchase accounting method. Accordingly, the purchase price paid was allocated to assets and liabilities based on the fair value of the acquired assets and the liabilities assumed. The excess of the purchase price paid over the fair value of the acquired assets and the liabilities assumed was allocated as goodwill in the amount of (7,427,433) seven million four hundred and twenty-seven thousand four hundred and thirty-three Saudi Riyals, which appeared in the consolidated financial statements for the fiscal year ending December 31, 2024G, and an amount of (7,427,433) seven million four hundred and twenty-seven thousand four hundred and thirty-three Saudi Riyals in the financial period ending on June 30, 2025G, as a result of the acquisition of Saudi Land Factory for Cement Products (SLF). The value of goodwill and trademarks recognized in the consolidated financial statements may decrease in future financial periods or years, which would adversely affect the Group's financial position (for further details, please refer to Section 6-8-2 «**Balance Sheet for the Financial Years Ending December 31, 2022G and 2023G and Consolidated Balance Sheet for the Financial Year Ending December 31, 2024G**» of this Prospectus).

2-1-9 Risks Related to Trademarks Relied upon by the Company

The Company and Saudi Land Factory for Cement Products (SLF) (a subsidiary) have registered their trademarks in the Kingdom with the Saudi Authority for Intellectual Property (SAIP). These trademarks are essential to the Company and Saudi Land Factory for Cement Products (SLF) operations. If the Company or its subsidiaries fail to renew their trademark certificates with SAIP upon expiry, or if a third party objects to the registration of these trademarks, the Company may incur financial expenses in litigation to establish ownership. This would negatively and materially impact the Company's and its subsidiaries' operations, financial position, and future prospects. The objection could halt or suspend the trademark renewal process pending resolution, potentially delaying the full exercise of the legal rights associated with the trademarks. The competitive position of the Company and its subsidiaries depends on their ability to continue using these trademarks and to protect their associated rights against any unauthorized use of these trademarks by third parties.

In the event of infringement of the intellectual property rights of the Company and its subsidiaries' trademarks, including their unauthorized use by third parties or their failure to be protected by competent authorities, this may require the Company or its subsidiaries to engage in costly legal proceedings. Furthermore, any dispute relating to their trademarks may force the Company or its subsidiaries to enter into franchise or licensing agreements for any of these trademarks, which may be on terms unfavorable to the Company and its subsidiaries or may be impossible at all. This would have a material adverse effect on the Company's business, results of operations, financial condition, and prospects.

2-1-10 Risks Related to Saudization and Saudi Labor Law Requirements

Compliance with Saudization requirements is a regulatory requirement in the Kingdom, whereby all companies operating in the Kingdom are obligated to employ and maintain a certain percentage of Saudi employees within their workforce. The percentage of Saudi employees varies depending on the Company's activities and individual occupations. As of September 2025G, the Company's Saudization rate was (25%), and it is classified as a low-medium green (Category C) category, according to the Nitaqat program issued by the Ministry of Human Resources and Social Development. The Company has obtained Saudization certificates from the Ministry of Human Resources and Social Development, certifying its compliance with Saudization requirements at a nationalization rate of (27%). The Saudization rate at Saudi Land Factory for Cement Products (SLF) was (50%) as of September 2025G, and it is classified as a medium green (Category B) category, and the localization rate at Laffan Pipes Company is (100%) as of December 2025G, and it is classified as a small green (Category A). according to the Nitaqat program issued by the Ministry of Human Resources and Social Development. The Company has obtained Saudization certificates from the Ministry of Human Resources and Social Development, certifying its compliance with Saudization requirements at a nationalization rate of (29%). The percentage of Saudi employees reached approximately (28%) of the total number of employees in the Company and its subsidiaries as of October 30, 2025G. (For more information, please see Section 4-20 «**Employees and Saudization**» of this Prospectus.) It is worth noting that the subsidiary (Laffan Pipes Company) had no employees as of the date of this Prospectus, as the Company has not yet commenced operations. Under the Saudi Labor Law, foreign employees are only permitted to work in a corporate entity that sponsors them in the Kingdom of Saudi Arabia or through the «**Ajeer**» program. Failure to comply with the provisions of the Labor Law related to the Company's employment of foreign employees may result in penalties imposed by the Ministry of Human Resources and Social Development in the amount of (10,000) ten thousand Saudi Riyals, multiplied by the number of employees. This could have a material and adverse impact on the Company's business, profits, financial condition, results of operations, or future prospects.

The Company and its subsidiaries must maintain work regulations and employment contracts that comply with the Saudi Labor Law, which is periodically updated by the Ministry of Human Resources and Social Development. It should be noted that the validity rate of the work permit for Saudi Land Factory for Cement Products (SLF) (a subsidiary) reached (93%) according to the Nitaqat report for September 2025G. This is a violation of the regulations of the Ministry of Human Resources and Social Development and may subject the Company to penalties and financial fines escalate to thousands of riyals and may include a ban on recruitment or closure. The penalty is doubled with repetition and multiplied according to the number of violators that could negatively impact its operations. The Company and its subsidiaries must ensure that their employment contracts comply with the provisions of the Labor Law. Failure to comply may result in penalties and termination of non-compliant employment contracts in accordance with the Labor Law. This could have a significant negative impact on the Company's operations, profits, financial position, results of operations, and future prospects.

The Group cannot guarantee its ability to meet Saudization requirements or other requirements of the Saudi Labor Law, as currently or as amended in the future, or that the minimum wage to which the Company is obligated will not be increased. Failure to comply with requirements related to Saudization or non-Saudi employees may result in penalties imposed by government authorities. The Company may be unable to provide the required workforce or employ the required number of Saudi nationals or foreign workers without incurring additional costs, which would have a material adverse effect on the Company's business, profits, financial condition, or future prospects.

2-1-11 Risks Related to the Company's Dependence on its Senior Management and Key Employees

The Company's success depends on the continued success and performance of its senior management and other key employees, as well as on its ability to find, recruit, develop, motivate, and retain qualified employees in the future. The Company relies on a number of key individuals with sufficient experience and who have contributed significantly to the development and expansion of the Company's operations. The Company cannot guarantee its ability to retain its employees, attract suitably qualified new employees, or ensure that key employees will not leave the Company and join similar or competing businesses.

The loss of the services of the Company's senior executives or key employees will delay or impede the implementation and achievement of the Company's strategic objectives and will divert management's attention to finding qualified replacements, which will adversely affect the Company's ability to manage its business effectively and efficiently. If the Company is unable to recruit or retain senior executives or employees with high levels of skill in the appropriate fields, this will have a material adverse effect on the Company's business, results of operations, financial condition, and future prospects.

2-1-12 Risks Related to the Development of Production Lines and Asset Replacement

The Company's ability to complete the construction of any new factory or production lines on time and within the planned budget is subject to a number of risks and challenges. Specifically, building a new factory or adding new production lines requires an accurate assessment of the market size and the economic feasibility of establishing the new factory, as well as obtaining the necessary permits and approvals from relevant government agencies, none of which the Company guarantees. The establishment of a new factory for the Group also depends on its ability to secure the financing necessary to complete the construction process. If the Company fails to assess the economic feasibility of establishing new factories or is unable to obtain the necessary permits and approvals for operation, this will have a material adverse effect on its business, results of operations, financial condition, and future prospects.

In addition, the Group's competitiveness, success, and growth depend on its ability to replace or renew the assets necessary to operate its factories, which could significantly increase its capital expenditures.

For example, the Group's capital expenditure levels may be affected by the requirements of its supporting ecosystem, including capital expenditures needed to add or upgrade storage, distribution, and transportation networks for the Company's products, or to improve the group's supporting infrastructure, such as upgrading its IT systems. This ecosystem may be insufficient to support the Company's growth and strategic objectives, necessitating continuous investment in its infrastructure. This could lead to higher future capital expenditures for the group, reducing profit margins, impacting available operating cash flow, and increasing operating expenses, which could have a significant negative impact on its financial results, position, and future prospects.

If the Company is unable to complete construction on time, find new locations to expand operations, expand its customer base for the additional products that the new factories will offer, operate factories efficiently, realize the expected benefits of new factories, or replace or renovate existing assets, the Company's available capacity may pose a challenge in meeting customer demands on time, which will adversely affect the Company's ability to increase its revenues and operating income, which will have a material adverse effect on its business, results of operations, financial condition, and future prospects.

2-1-13 Risks of Impairment of Property, Plant, and Equipment

The Company owns factories, machinery, and equipment used in the production of its products, with depreciation rates ranging from four (4) years to forty (40) years. The machinery and equipment used in the production process are critical to the success of the Company's operations. Therefore, the Company relies on the reliable and consistent operation of this equipment to achieve its financial objectives and expectations. Any unexpected breakdown of machinery and equipment, or any prolonged maintenance work, could disrupt the Company's production and impair its ability to consistently produce sufficient quantities of products, ensure the quality of its products, or comply with its contractual requirements. Due to the Company's losses incurred in the fiscal year ending December 31, 2023G, which resulted in an impairment indicator for property, plant and equipment, the Company conducted an impairment test in 2023G for property, plant and equipment, with a net book value of (SAR 163,349,253) as of December 31, 2023G, before the test, to determine the recoverable value and compare it with its book value. This study resulted in impairment losses amounting to (46,413,761) forty-six million, four hundred and thirteen thousand, seven hundred and sixty-one Saudi Riyals as of December 31, 2023G, which the Company recognized in its financial statements. As the Company continued to incur losses during the fiscal year ending December 31, 2024G, the Company conducted an additional impairment test for property, plant and equipment, with a net book value before the test amounting to (197,173,101) one hundred and ninety-seven million, one hundred and seventy-three thousand, one hundred and one Saudi Riyals as of December 31, 2024G. This test resulted in additional impairment losses amounting to (80,237,609) eighty million, two hundred and thirty-seven thousand, six hundred and nine Saudi Riyals. The Company recorded this in the consolidated financial statements ending December 31, 2024G, bringing the total accumulated impairment losses in the

value of property, plant and equipment to (126,651,370) Saudi Riyals as of December 31, 2024G. It is worth noting that the Company did not conduct an impairment test for its property, plant, and equipment for the fiscal year ending December 31, 2022G, as the Company did not record accumulated losses in that year, and there was no indication to conduct such a test. The Company also did not conduct an impairment test on property and equipment for the financial period ending June 30, 2025G.

There is no guarantee that the Company will not incur losses in the future, nor is there any guarantee that the value of property, plant, and equipment will not decline again. The Company must conduct an ongoing evaluation of its tangible assets and assess their economic viability and monitor ongoing maintenance and renewal of deteriorating assets. Failure to assess and evaluate tangible fixed assets could result in an error in the economic viability and production capacity of the assets, which could expose it to the risk of these assets failing, resulting in a disruption to the Company's production operations or impacting the quality of its products. This would negatively impact its results of operations, financial condition, and prospects.

2-1-14 Risks Related to Disruption of Manufacturing Operations at the Company's Factories and its Subsidiaries

The activity of the Company and its subsidiaries depends mainly on its ability to operate its factories optimally. The Company faces risks related to the cessation of its factories' operations, as the accumulated depreciation ratio from the total book value of property, plant and equipment reached 68.30%, 69.37%, 66.47%, 66.75% and 78.90% as of the financial years ending on December 31, 2022G, 2023G, 2024G and the financial period ending on September 30, 2025G respectively, with a remaining useful life of (32) thirty-two years. Industrial facilities are exposed to significant operational risks resulting from several factors, including the breakdown of production lines or main equipment, due to misuse or unexpected accidents such as power outages or fires, etc. The useful life of machinery and equipment ranges between (4) four years and (40) forty years. It should be noted that some of the Company's machinery and equipment is over forty-six (46) years old and is still in use. The book value of the machinery and equipment that have exceeded their useful life was one (1) Saudi Riyal as of June 30, 2025G, noting that this represents the actual book value of most of the machines in the first factory. Therefore, the Company faces the risk of this machinery becoming obsolete and may experience operational disruptions due to its unsuitability for service. Should the Company's machinery cease to operate, this will have a significant negative impact on the Company's business, results, and prospects.

Given the Company and its subsidiaries' reliance on their factories for their production activities, their factories are subject to operational risks, such as unforeseen malfunctions, equipment failures, industrial accidents, fires, power outages, or water outages. In the event of any material defect or disruption in the Company's factories and subsidiaries, whether due to a partial or total power or water outage, a fire, or any unexpected mechanical equipment failure, this will result in a temporary or long-term suspension of the Company's and its subsidiaries' manufacturing operations, or a reduction in their production capacity, which will affect the Company's ability to fulfill its contractual obligations to its customers. The occurrence of any of the above incidents will have a material adverse effect on the Company's business, financial condition, results of operations, and prospects.

2-1-15 Risks Related to Insufficient Insurance Coverage

The Company maintains various types of insurance policies to cover its business and assets, such as mandatory vehicle insurance, employee health insurance, property insurance, and company asset insurance. However, the Company may not have all the insurance policies important to its business and assets, or the insurance coverage may not be sufficient in all cases. These insurance policies may include exclusions or coverage limits that exclude certain types of losses from insurance coverage. Therefore, the Company, its businesses, or its industrial facilities may be exposed to numerous disasters, sabotage, and war-related events for which adequate insurance coverage is not available, thus limiting its ability to conduct its business as required. It should also be noted that the company's medical insurance policy contains a confidentiality clause requiring that no information or data related to the policy be disclosed to any third party, and the company has not obtained a letter of no objection from the insurance company to share policy information in the Prospectus.

It is worth noting that on 30/07/2021G, a fire broke out in one of the Company's factories in the flexible joints department. No human casualties occurred, resulting in a temporary shutdown of operations at the first factory. The financial impact of this accident and the

resulting disruption were assessed under the factory's insurance coverage, which was estimated at (13,074,745) thirteen million, seventy-four thousand, seven hundred and forty-five Saudi Riyals, and it was received from the insurance company as compensation for this event.

2-1-16 Credit Risk

Credit risk arises when one party is unable to fulfill a specific financial obligation to another party. The Company may face credit risk in several temporary or permanent situations, including, for example, unpaid customer receivables (delayed collection of receivables), or the failure of debtors to fulfill their obligations to the Company due to their financial insolvency, disruption of operations, procrastination, bankruptcy, disputes and lawsuits filed against them, or other circumstances.

The Company's total receivables amounted to (54,007,586) fifty-four million, seven thousand, five hundred and eighty-six Saudi Riyals, as of December 31, 2022G, representing 44.49% of the total current assets, and 17.90% of the Company's total assets.

As of December 31, 2023G, the Company's total receivables amounted to (36,884,260) thirty-six million, eight hundred and eighty-four thousand, two hundred and sixty Saudi Riyals, representing 31.72% of total current assets and 15.35% of the Company's total assets. As of December 31, 2024G, the Company's total receivables amounted to (29,415,762) twenty-nine million, four hundred and fifteen thousand, seven hundred and sixty-two Saudi Riyals, representing 41.04% of the Company's total current assets and 18.98% of the Company's total assets. As of September 30, 2025G, the Company's total outstanding receivables amounted to (28,553,845) twenty-eight million, five hundred and fifty-three thousand, eight hundred and forty-five Saudi Riyals, representing 23.85% of total current assets and 15.22% of total company assets.

During 2022G, the Board of Directors approved the write-off of trade receivables due from certain customers amounting to (516,422) five hundred and sixteen thousand, four hundred and twenty-two Saudi Riyals. During 2023G, the Board of Directors also approved the write-off of (3,048,921) three million, forty-eight thousand, nine hundred and twenty-one Saudi Riyals from the trade receivables balance, in exchange for cash settlements made with them, in addition to reversing the amount of (1,440,338) one million, four hundred and forty thousand, three hundred and thirty-eight Saudi Riyals from the provision for expected credit losses as of December 31, 2023G. In the fiscal year ending December 31, 2024G, the Board of Directors approved the write-off of trade receivables due from certain customers amounting to (384,497) three hundred and eighty-four thousand, four hundred and ninety-seven Saudi Riyals, in exchange for a cash settlement made with them. The Company also reversed an amount of (2,637,338) two million, six hundred and thirty-seven thousand, three hundred and thirty-eight Saudi Riyals from its provision for expected credit losses for the fiscal year ending December 31, 2024G and (116,793) One hundred and sixteen thousand seven hundred and ninety-three Saudi Riyals from the provision for expected credit losses as of the fiscal year ending December 31, 2024G and the fiscal period ending June 30, 2025G respectively.

If debtors fail to pay the Company's receivables on time, or fail to pay in full or in part, this will have a material adverse effect on the Company's results of operations, financial condition, and cash flows. The following table details the aging of accounts receivable for the fiscal years ending December 31, 2022G, 2023G, and 2024G:

Table No. (3): Aging of Accounts Receivable for the Financial Years Ending December 31, 2022G, 2023G, and 2024G, and the unaudited consolidated financial statements for the year ended September 30, 2025G

	As of December 31, 2022G	As of December 31, 2023G	As of December 31, 2024G	As of September 30, 2025G
Past due from 1 to 90 days	22,211,090	18,577,677	17,379,160	15,410,818
Provision	(1,407,660)	(674,167)	(583,831)	(518,748)
Past due from 91 to 180 days	4,257,510	2,535,658	1,157,003	2,672,776
Provision	(460,495)	(630,892)	(418,467)	(335,075)
Past due from 181 to 365 days	7,765,964	3,877,411	3,914,937	3,420,635

	As of December 31, 2022G	As of December 31, 2023G	As of December 31, 2024G	As of September 30, 2025G
Provision	(890,581)	(1,208,333)	(1,466,477)	(1,203,727)
Past due for more than one year (365 days)	19,773,022	11,893,514	6,964,662	7,049,616
Provision	(13,196,886)	(8,952,492)	(6,020,274)	(6,509,085)
Total trade receivables	54,007,586	36,884,260	29,415,762	28,553,845
Less (Provision for Accounts Receivable)	(15,955,622)	(11,465,884)	(8,444,049)	(8,566,635)
Total Net Trade Receivables	38,051,964	25,418,376	20,971,713	19,987,210

Source: The audited consolidated financial statements for the financial years ended December 31, 2022G, 2023G and 2024G, and the unaudited consolidated financial statements ended September 30, 2025G.

The following table details the amounts overdue for more than one year, according to the nature of the clients:

Table No (4): Details of amounts overdue for more than a year, according to the nature of the clients

	2022G		2023G		2024G		As of June 30, 2025G	
Overdue payments for more than one year (365 days)	19,773,022		11,893,514		6,964,662		7,227,851	
Customer type	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage
Government sector clients	16717	%0.08	16717	%0.14	16717	%0.24	16717	%0.23
Semi-government sector clients	0	0	0	0	0	0	0	0
Private sector clients	19,756,305	%99.92	11,876,797	%99.86	6,947,945	%99.76	7,211,134	%99.77

Source: The Company

2-1-17 Risks Related to the Transportation of the Products of the Company and Subsidiaries

The Company uses land transportation to deliver its products to its customers within the Kingdom and relies on specialized companies to transport its products. Accordingly, any disruption to land transportation, whether resulting from earthquakes or other natural disasters, changes in transportation systems and regulations, human error, or violations of applicable laws and regulations, could materially impact the Company's business. Therefore, any unexpected delays in delivering the Company's products to its customers could incur significant losses, which would have a material adverse impact on the Company's business, results of operations, financial condition, and future prospects.

2-1-18 Risks Related to Exporting the Company's Products

The Company exports its products to Belgium, Germany, Hong Kong, Brunei, Qatar, Kuwait, and Bahrain. Export sales amounted to (3,390,644) three million, three hundred and ninety thousand, six hundred and forty-four Saudi Riyals, (7,168,287) seven million, one hundred and sixty-eight thousand, two hundred and eighty-seven Saudi Riyals, (4,897,787) four million, eight hundred and ninety-seven thousand, seven hundred and eighty-seven Saudi Riyals, and (1,211,120) one million, two hundred and eleven thousand, one hundred and twenty Saudi Riyals as of December 31, 2022G, 2023G, 2024G, and the financial period ending June 30, 2025G, respectively, representing percentages of (4.44%), (5.50%), (8.37%), and (4.34%) of the total sales for the fiscal years ending December 31, 2022G, 2023G, and 2024G, and the fiscal period ending June 30, 2025G. The majority of exports are concentrated in Belgium, which accounted for approximately (88.22%) of total exports for the fiscal years 2022G, 2023G, and 2024G, and the fiscal period ending June 30, 2025G.

Any change in the laws of the countries to which the Company exports its products, any change in the local laws and regulations in the Kingdom of Saudi Arabia regarding the export of the Company's products and those of its subsidiaries, or the severance of political relations with those countries or any other countries, will impact the Company's and its subsidiaries' ability to export their products to customers in those countries. This will result in a decrease in the Company's sales, which will, in turn, have a material and adverse impact on the Company's and its subsidiaries' business, financial results, and future prospects.

2-1-19 Risks Related to Inventory Management

The Company must maintain adequate inventory levels to successfully run its business, as any deficiency in this may result in the Company being unable to meet customer needs in a timely manner, or losing market share, which will lead to uncertainty about the Company's knowledge of expectations regarding demand for its products or how to manage its inventory of raw materials and finished products. The Company's total inventory amounted to (42,696,315) forty-two million, six hundred and ninety-six thousand, three hundred and fifteen Saudi Riyals, (46,961,180) forty-six million, nine hundred and sixty-one thousand, one hundred and eighty Saudi Riyals, (47,960,194) forty-seven million, nine hundred and sixty thousand, one hundred and ninety-four Saudi Riyals, and (46,090,898) forty-six million, ninety thousand, eight hundred and ninety-eight Saudi Riyals, representing 14.15%, 19.55%, 30.95% and 24.57% of the company's total assets in the financial years ending December 31, 2022G, 2023G and 2024G and the financial period ending September 30, 2025G, respectively. The company allocated provisions for damaged, obsolete, and slow-moving inventory amounting to (2,002,105) two million, two thousand, one hundred and five Saudi Riyals, (2,302,105) two million, three hundred and two thousand, one hundred and five Saudi Riyals, (5,106,397) five million, one hundred and six thousand, three hundred and ninety-seven Saudi Riyals, and (5,406,397) five million, four hundred and six thousand, three hundred and ninety-seven Saudi Riyals for the same periods, respectively.

The inventory turnover ratio was (1.71), (1.60), (1.43), and (0.78) times for the fiscal years ending December 31, 2022G, 2023G, 2024G, and the fiscal period ending June 30, 2025G, respectively.

The company's provisioning policy is based on allocating 100% of its inventory to slow-moving raw materials, finished products, and spare parts that are seven (7) years old or more. As of June 30, 2025G, the inventory provision balance was SAR 5,306,397 (five million, three hundred and six thousand, three hundred and ninety-seven Saudi Riyals), and it was entirely related to spare parts inventory, as no provision was made for damaged or slow-moving raw materials or finished products. Furthermore, management does not maintain an inventory aging schedule.

The absence of a detailed inventory aging analysis increases the risk of asset overvaluation and delays the recognition of damaged or slow-moving inventory. It also reduces transparency regarding operational efficiency and inventory management, limiting the company's ability to make informed decisions about production plans, optimize working capital, and utilize assets effectively.

The Company's forecasts of product demand may not be accurate, and the Company may not be able to accurately and reliably make these forecasts in the future. Substantial changes in product demand may occur other than what was anticipated, as demand may be affected by pricing factors, changes in customer spending patterns, the introduction of new products into the market, and other factors. As a result, customer demand for the Company's products may decrease. Therefore, if the Company is unable to estimate the volume of products required by customers, manage inventory appropriately, maintain optimal inventory levels, and monitor inventory regularly, this will lead to inventory accumulation and stagnation, which will have a material adverse impact on the Company's business, results of operations, financial condition, and prospects.

2-1-20 Risks Related to Improper Storage

The Saudi Vitrified Clay Pipe Company stores raw materials and finished products in storage areas within its factories. These areas also contain chemicals, spare parts, and glazing materials used in the production processes. Some raw materials, particularly chemicals, require specific storage conditions to maintain their quality and effectiveness. If the Company fails to maintain the quality of raw materials or chemicals before their use in the manufacturing process and store them properly, or if the finished products are poorly

stored, affecting their quality before delivery to customers, this will have a significant negative impact on the Company's operations, financial performance, results, and prospects.

2-1-21 Risks Related to Contracts and Agreements with Third Parties

The Company enters into agreements with third parties regarding its current operations, including, for example, contracts with external parties for the supply of natural gas and contracts related to waste disposal (please refer to Section 10-5 «**Summary of Key Contracts**» of this Prospectus). However, some of these contracts and agreements lack provisions relating to termination, force majeure, assignment, or the applicable dispute resolution system. Additionally, some contain provisions concerning the confidentiality of information. For instance, the Company's medical insurance policy with an insurance company includes a confidentiality clause prohibiting the disclosure of any information or data related to the policy. Furthermore, the Company has two agreements with a natural gas distribution company. These agreements stipulate a Saudization rate of (65%) of the Company's total workforce. This is achieved by submitting periodic reports to the natural gas distribution company demonstrating compliance with the required Saudization percentage. The natural gas distribution company has the right to terminate the agreements if the Company fails to meet the terms and conditions stipulated therein, after providing written notice without the need for any formal procedures. The subsidiary, Saudi Land Factory for Cement Products (SLF) (Commercial Registration No. 1011022606), also entered into a contract with a foreign company. The Contract stipulates that any dispute shall be referred to foreign arbitration under the laws of Denmark. In the event of a dispute and a foreign court ruling against the subsidiary, the legal and financial consequences to which the subsidiary will be exposed could adversely impact the subsidiary's operations and financial position. There is no guarantee that disputes will not arise between the contracting parties, nor are there any guarantees or assurances that these parties will fully comply with the provisions of these contracts or that they will live up to expectations. Failure by these parties to fulfill their obligations to the Company will have a material adverse effect on the Company's business, financial position, results of operations, and future prospects.

2-1-22 Risks Related to Employee Errors and Misconduct

Employees of the Company and its subsidiaries may commit actions or errors that adversely affect the Company's business, such as engaging in illegal activities, misusing information, disclosing confidential information, or violating the Company's internal controls. This may result in a violation of any applicable laws or regulations in the Kingdom, which may result in the imposition of regulatory penalties on the Company by the competent authorities. These penalties may vary depending on the extent of the employee's misconduct or error, which incurs financial liability for the Company or harms its reputation. The Company and its subsidiaries may not be able to prevent its employees from engaging in any misconduct, as there is no guarantee that the Company's employees and its subsidiaries will adhere to its internal policies. This could result in losses, fines, financial burdens, or damage to the Company's reputation. The Company's internal governance and compliance policies may not be sufficient to protect the Company from any errors committed by its employees. Any penalties, fines, or claims could impact the Company's profitability, and negative publicity regarding employee misconduct could adversely affect the Company's and its subsidiaries' reputation and revenues. Any misconduct or errors committed by the Company's employees could have a material adverse effect on the Company's business, results of operations, financial condition, and prospects.

2-1-23 Risks Related to the Company and its Subsidiaries' Reliance on Leased Properties

The Company conducts its operations through leased properties, whether for its head office or its factories. The lands on which the Company's factories and its subsidiaries are located are leased from the Saudi Authority for Industrial Cities and Technology Zones (MODON) (hereinafter referred to as «**MODON**»). The lease term for these lands is limited in nature, ranging from (10) ten years to (19) nineteen years (for more information, please see Section 10-5-1 «**Lease Contracts**» of this Prospectus). It should be noted that on 27/03/1447H (corresponding to 19/09/2025G), the Company signed a contract to sell the assets of the second factory located in the Second Industrial City in Riyadh, and to assign the lease contract for the land on which the factory is located, for a total sale value of (45,000,000) forty-five million Saudi riyals. The Company also announced on 16/04/1447H (corresponding to 08/10/2025G), the approval of the Saudi Authority for Industrial Cities and Technology Zones («**MODON**») to assign the lease contract subject

to the transaction in favor of the United Model Industries Company. MODON may terminate the lease contracts concluded with the Company and its subsidiaries without prior notice and automatically if the Company fails to pay the amounts due within (30) thirty days of their due date, if the Company breaches a provision of the contract, or if it declares bankruptcy. If MODON decides to terminate the leases before their expiration, or if it decides not to renew the leases upon expiration, the Company and its subsidiaries may be forced to relocate their factories and warehouses. The Company may incur significant or unexpected capital expenditures, or may be unable to find suitable property in a timely manner, or at all. This would have a material adverse impact on the Company and its subsidiaries' business, financial condition, results of operations, and future prospects.

2-1-24 Risks Related to the Closure of the Company's Factories

During 2024G, the Company's Board of Directors decided to cease operations and production-related activities at the Company's second factory and to limit the production and manufacturing operations of the Company's first factory. This decision was made due to the lack of sufficient demand for the Company's clay pipe products to meet the Company's maximum production capacity. Operating a single factory would be sufficient to meet purchase orders and meet current demand levels. Sales of vitrified pipes increased by (3) three thousand meters in the fiscal year ending December 31, 2023G, compared to the fiscal year ending December 31, 2022G, then decreased by (388) three hundred eighty eight meters in the fiscal year ending December 31, 2024G, and subsequently declined by (77) seventy seven thousand meters in the fiscal year ending June 30, 2025G. It should be noted that the quantities of clay pipes produced or sold by both factories are not calculated separately according to the first factory or the second factory, and the production of clay pipes by both factories is calculated as one unit of work. The closure of one of the Company's factories due to insufficient demand for its Vitrified Clay pipe products raises concerns about whether the Company might be forced to close the other factory in the future should demand decline again, or for any other reason. This would have a significant negative impact on the Company's operations, financial position, results, and prospects.

It is worth noting that on 27/03/1447H (corresponding to 19/09/2025G), the Company signed a sale agreement for the assets of its second factory, located in the Second Industrial City in Riyadh, with United Model Industries Company. The Company also transferred the lease on the land on which the factory is situated for a total sale price of (45,000,000) forty-five million Saudi Riyals. Furthermore, on 16/04/1447H (corresponding to 08/10/2025G), the Company announced that the Saudi Authority for Industrial Cities and Technology Zones («MODON») had approved to assign the lease contract subject to the transaction in favor of the United Model Industries Company.

2-1-25 Risks Related to Non-Compliance with Quality Standards and Specifications Required by Customers

The company and its subsidiaries obtained eight (8) quality certifications (for more information, please refer to Section 4-15 «Quality Certifications by Sector» of this Prospectus). Through its Quality Control Department, the company applies policies and standards to its products by conducting physical and chemical tests on random samples from all production batches, in accordance with specifications and testing methods. This ensures that the products are free from manufacturing defects and conform to local specifications approved by the Saudi Standards, Metrology and Quality Organization (SASO), as well as international standards. The Quality Control Department also participates in continuous product and process improvement efforts to enhance customer satisfaction, improve competitiveness, and maintain product quality according to required standards.

Should the Company be unable to continue providing the same level of quality for any reason, this will negatively impact its reputation with its customers and their continued business, which will have a material and negative impact on the Company's sales, results of operations, financial performance, and future prospects.

2-1-26 Risks Related to Potential Changes in the use of the Offering Proceeds

On 02/02/1446H (corresponding to 06/08/2024G), the Board of Directors recommended increasing the Company's capital by (80,000,000) eighty million Saudi Riyals through a rights issue of (8,000,000) eight million shares. The net proceeds of the Rights Issue, amounting to (70,800,000) seventy million eight hundred thousand Saudi Riyals, after deducting all Offering costs, will be

used to finance the purchase of machinery and equipment, the furnishing of additional buildings and hangars, working capital, and the repayment of financial obligations and loans. An additional amount will be allocated to support future activities and finance acquisition or expansion opportunities (for more information, please refer to Section 7-2 «Use of the Offering Proceeds» of this Prospectus).

The Company's inability to achieve the expected results from using the proceeds of the rights issue, or its inability to realize the expected returns from such uses, will have a material adverse impact on the Company's future financial results and financial condition.

It should also be noted that there is no guarantee that the proceeds from the use of these proceeds will have a positive impact on the Company's results and operations due to several factors, including but not limited to, the unfeasibility of future projects and their failure to achieve the expected results, the timeframe for project implementation, and changes in market conditions and cost fluctuations. Any negative use of the net proceeds from the offering will have a materially adverse impact on the Company's financial results, financial position, and prospects.

2-1-27 Risks Related to Future Financing

The Company's ability to obtain financing sources for its business depends on several factors, including its ability to obtain regulatory approvals, as well as the Company's financial condition and creditworthiness. If the Company needs additional financing in the future to expand its business or products, or to improve its financial solvency, it may face difficulty in obtaining financing sources. If it does obtain such financing, it may be at an unfavorable cost and under unfavorable terms. If the Company is required to raise its capital to obtain additional financing, this may result in a reduction in the ownership percentage of current shareholders. Difficulty in obtaining appropriate financing in the future will adversely affect the Company's financial performance and business plan.

2-1-28 Risks Related to Potential Zakat Entitlements

Saudi Vitrified Clay Pipe Company and its subsidiary (Saudi Land Factory Company for Cement Product) have submitted their Zakat returns to the Zakat, Tax and Customs Authority for all previous years up to and including the fiscal year ending December 31, 2024G. The Company and its subsidiary paid the Zakat due on time. They received a final certificate, valid until 30/04/2026G, from the Zakat, Tax and Customs Authority for the period ending December 31, 2024G. The Company did not receive a Zakat assessment for the fiscal year ending December 31, 2024G, which makes it subject to a reassessment of its Zakat base. As for the Saudi Land Factory for Cement Products (SLF), it did not receive any Zakat assessments up to the fiscal year ending December 31, 2024G. The subsidiary, Laffan Pipes Company, had its first fiscal year beginning on 26/11/1445H (corresponding to 03/06/2024G), the date of its registration in the Commercial Register, and ending on December 31, 2024G. The Company submitted its Zakat returns for the fiscal year ending December 31, 2024G, and Laffan Pipes Company did not receive any Zakat assessments up to that fiscal year ending December 31, 2024G.

The Company completed its Zakat settlement for the years 2017G, 2019G, 2020G, and 2023G while no Zakat assessment was received for the year 2018G. The Company also received preliminary Zakat assessments for the years 2021G and 2022G amounting to (679,620) six hundred seventy-nine thousand six hundred twenty Saudi Riyals. The Company submitted these assessments to the General Secretariat of Tax Committees (the Adjudication Committee). On 08/07/2025G, the Adjudication Committee issued a decision rejecting the Company's claim regarding the Zakat assessments for the years 2021G and 2022G. The Company filed an appeal against the Adjudication Committee's decision, and the appeal remains pending as of the date of this publication, awaiting the scheduling of the next hearing. The Company also received a Zakat assessment for the year 2023G amounting to (29,713) twenty-nine thousand seven hundred thirteen Saudi Riyals, which the Company has paid in full. It is worth noting that the Company has established a provision against the received Zakat assessments.

The Company has made provisions for Zakat for the fiscal years 2022G, 2023G, and 2024G, amounting to (2,859,596) two million, eight hundred and fifty-nine thousand, five hundred and ninety-six Saudi Riyals, (4,028,540) four million, twenty-eight thousand, five hundred and forty Saudi Riyals, (2,597,427) two million, five hundred and ninety-seven thousand, four hundred and twenty-

seven Saudi Riyals, and (2,726,849) Two million, seven hundred and twenty-six thousand, eight hundred and forty-nine Saudi Riyals for the fiscal years 2022G, 2023G, 2024G and the fiscal period ending on September 30, 2025G, respectively.

The Company cannot predict whether the Zakat, Tax and Customs Authority will accept its Zakat estimates for all previous years or require it to pay Zakat differences in the future. If the Zakat, Tax and Customs Authority reassesses any of the previous years and requires the Company to pay an additional Zakat amount for the declarations submitted for previous years, or if the Adjudication Committee issues a decision obligating the Company to pay the assessments received for the years 2021G and 2022G, and the appeal is not accepted, this will have a negative and material impact on the Company's business, results of its operations, its financial position and prospects.

2-1-29 Risks Related to Credit Facilities, Financing Agreements, and Loans

On 21/09/2023G, the Company entered into a credit facilities agreement with the Saudi Investment Bank. This agreement was renewed on 07/10/2024G. The agreement is valid until 31/07/2025G, and may be renewed by written agreement signed by both parties, and the renewal process is currently underway. Under this agreement, the Company obtained credit facilities in the form of Murabaha financing for the purchase and sale of goods or documentary credit facilities, with variable interest rates as stipulated in the credit facility agreement, and a total facility limit of (30,000,000) thirty million Saudi Riyals. (For further information, please refer to Section 10-5-2 «**Loans and Facilities**» of this Prospectus). The total outstanding balance owed by the Company for credit facilities amounted to (5,000,000) five million Saudi Riyals as of December 31, 2024G, and (8,619,716) eight million, six hundred and nineteen thousand, seven hundred and sixteen Saudi Riyals as of September 30, 2025. For the fiscal years ending December 31, 2022G, and 2023G, the company had no outstanding amounts due on credit facilities, as it did not enter into any credit facility agreements during those years. Under this agreement, the company provided the following guarantees and undertakings: 1- A facility agreement duly signed. 2- A power of attorney to purchase and sell the goods. It should be noted that the facility was also secured against compliance with certain financial ratios and commitments, and the company was not in compliance with these commitments as of September 30, 2025G.

The company has a loan agreement with the Saudi Industrial Development Fund to finance the project of its subsidiary, Saudi Land Cement Products Factory Company (the subsidiary), in the amount of (15,900,000) fifteen million nine hundred thousand Saudi Riyals, concluded by the previous owner of the factory on 18/01/1442H (corresponding to 06/09/2020G), i.e., before the company acquired the subsidiary, in which a partnership was made with the Doha Concrete Molds Factory Establishment, which represents an obligation on the company regarding the terms of the partnership agreement concluded with the Doha Concrete Molds Factory Establishment, and final approval has not been obtained from the Saudi Industrial Development Fund to transfer the loan from the previous owner as borrower and guarantor to the subsidiary to be the borrower, and the company to be the guarantor. As a result of the company's acquisition of the subsidiary on 25/07/1445H (corresponding to 06/02/2024G), and pursuant to the letter issued by the Saudi Industrial Development Fund on 02/09/1445H (corresponding to 12/03/2024G), conditional approval was obtained from the Saudi Industrial Development Fund to transfer the loan obligations to the Saudi Ceramic Pipes Company, noting that the approval is conditional upon payment of the outstanding loan installments and due follow-up costs, with all the terms and conditions of the basic agreement remaining in effect. Work is underway to obtain final approval from the Saudi Industrial Development Fund, and as of the date of preparing this Prospectus, final approval has not been obtained from the Saudi Industrial Development Fund to transfer the loan from the previous owner as borrower and guarantor to the subsidiary to be the borrower, and the company to be the guarantor. The loan agreement also included a mortgage deed signed by the former owner of the subsidiary company, mortgaging all the buildings as specified in the contract. Following the transfer of the loan to the company as a result of the acquisition, the company transferred the mortgage to mortgage the land leased from MODON located in the industrial city in Al-Kharj Governorate. The mortgage also included all the facilities, buildings, and fixed and movable assets of the Saudi Land Cement Products Factory project in favor of the Saudi Industrial Development Fund. It should be noted that the company violated the terms of the contract and failed to fulfill its commitments. The liquidity ratio of Saudi Land Factory Company was less than (1) for the fiscal year ending December 31, 2024G, and the fiscal period ending June 30, 2025G, with current liabilities exceeding current assets, resulting in a current ratio of (0.4). Consequently, the loan was classified as a current liability as of December 31, 2024G, and June 30, 2025G, with an outstanding balance of (12,800,000) twelve million eight hundred thousand Saudi Riyals, including accrued interest of (739,728) seven hundred

thirty-nine thousand seven hundred twenty-eight Saudi Riyals. This constitutes a breach of the agreement and a failure to adhere to its commitments. Therefore, the company has submitted a request for a waiver regarding this violation. This violation resulted from the subsidiary's failure to fulfill its financial commitments and obligations. This is because the contract remains in the subsidiary's name and has not yet been transferred. It should also be noted that the loan agreement remains in the subsidiary's name, although the Fund has stated that the transfer request has been approved, and the signing procedures are currently being finalized. As of the date of this Prospectus, (3,100,000) three million one hundred thousand Saudi Riyals has been repaid, representing the installments due to the Fund upon the company's acquisition of Saudi Land Cement Products Factory. However, according to the loan repayment schedule stipulated in the agreement, the company was obligated to repay (6,500,000) six million five hundred thousand Saudi Riyals as of the date of this Prospectus. The company has contacted the Saudi Industrial Development Fund to reschedule the payment of the overdue installments, totaling (3,400,000) three million four hundred thousand Saudi Riyals and subsequent installments. The company received a response from the Saudi Industrial Development Fund stating that the request is currently under review, and the Fund has not yet issued approval for rescheduling as of the date of this Prospectus.

Therefore, if interest rates rise, the Company's financing costs will also increase. The average interest rate on the Company's credit facilities (Murabaha financing for the purchase and sale of goods/Factory Letters of Credit) ranges between the Saudi Interbank Offered Rate (SAIBOR) plus an annual profit margin of 1.50% and the Saudi Interbank Offered Rate (SAIBOR) plus an annual profit margin of 2.75% annually. This is reflected in the increase in financing costs on loans from 662.4 thousand Saudi Riyals as of December 31, 2024G, to SAR 979.5 thousand Saudi Riyals as of June 30, 2025G. This will negatively impact the Company and its profitability. Furthermore, if the Company is unable to obtain an exemption from the Saudi Industrial Development Fund (SIDF) for its non-compliance with the aforementioned agreements, or if the Fund does not approve the request to reschedule payments according to the periods stipulated in those agreements on their due dates, the Company will be subject to penalties, including the cessation of lending facilities or loans by lenders. The Company, or the termination of the agreement and the demand for the Company to pay the full debt immediately, or to be satisfied with all the guarantees provided by the Company, which will negatively and substantially affect the Company's business, financial performance, cash flows and its ability to implement its plans.

2-1-30 Risks Related to Lawsuits and Claims

The Company and its subsidiaries are exposed to the risk of lawsuits or regulatory proceedings in connection with normal business operations with various parties, including the Company's customers, employees, and regulatory authorities. The Company may also become a plaintiff in such lawsuits or regulatory proceedings. Any unfavorable outcome of such lawsuits could have a material negative impact on the Company's business, financial condition, results of operations, and prospects. As of the date of this publication, it should be noted that the Company is a party to four cases. Judgments have been issued in two of these cases by the competent court, and the disputes in those cases are no longer pending. The Company is not currently a party to any substantive lawsuits. However, it is a party to two non-material cases, as follows: (1) The first dispute is regarding a sale and supply dispute between the Company and a contracting company in respect of a claim for payment of SAR (332,677). A preliminary judgment was issued obligating the company to pay the aforementioned amount. However, the Company appealed the judgment, and the case is still pending before the Court of Appeal. (2) The second dispute: The company filed a lawsuit against another Company regarding sale and supply transactions, claiming payment of SAR (592,201) in addition to compensation of SAR (30,000). A final judgment was issued obligating the Company to pay the full amount of the claim, and the Company will file an enforcement request as soon as it receives a copy of the judgment in the enforceable form. (For further information, please refer to Section 10-10 «**Disputes and Litigation**» of this Prospectus.) regarding enforcement requests, the Company has a pending enforcement request against a contracting company for the amount of SAR (833,475,072), awaiting the judgment debtor's compliance. It should be noted that the aforementioned contracting company is subject to liquidation proceedings under the Bankruptcy Law, which may affect the speed or possibility of collecting the full amount of the claim. The Company also has another enforcement request against a second contracting company for the amount of SAR (1,520,000), of which SAR (100,000) has been paid, while the remaining amount is pending. Additionally, the Company has a pending enforcement request against a contracting establishment for the amount of SAR (362,677), awaiting the debtor's compliance with the claim. Since the Company is exposed to lawsuits, complaints, and claims in the normal course of business, it cannot accurately predict the amount of costs incurred by or against such lawsuits or proceedings, the final judgments of such lawsuits or proceedings, or the consequences and compensation they entail. If the rulings issued in any of these lawsuits or

proceedings are not in the Company's favor, this could have a material adverse effect on the Company's business, results of operations, financial condition, and prospects. Regardless of the outcome of the lawsuit or proceedings, proceeding with them could result in significant expenses for the Company and require the Company to allocate significant resources, which could have a material adverse effect on the Company's business, results of operations, financial condition, and prospects.

2-1-31 Risks of Geographical Concentration of the Company's Sales

The Company generates most of its revenues from sales from the Central Region of the Kingdom of Saudi Arabia. Revenues from the Central Region amounted to (45,481,906) forty-five million, four hundred eighty-one thousand, nine hundred six Saudi Riyals, (42,769,426) forty-two million, seven hundred sixty-nine thousand, four hundred twenty-six Saudi Riyals, and (36,625,736) thirty-six million, six hundred twenty-five thousand, seven hundred thirty-six Saudi Riyals and (17,418,706) seventeen million four hundred and eighteen thousand seven hundred and six Saudi Riyals and (13,208,553) thirteen million two hundred and eight thousand five hundred and fifty-three Saudi Riyals, represent 59.57%, 56.51%, 62.62%, 71.15%, and 47.43% of the Company's total revenues for the years ending December 31, 2022G, 2023G, and 2024G, and the financial period ending June 30, 2024G, and 2025G, respectively. A significant decrease in revenues collected from the Central Region would have a substantial negative impact on the Company's operations, results, financial position, and prospects.

2-1-32 Risks Related to Concentration of Deals with Certain Suppliers

The Company relies on certain local and foreign suppliers to obtain essential materials, such as durable materials for project service customers, consumables, energy materials, and raw materials. The Company's purchases from its five (5) largest suppliers in 2022G amounted to (22,889,367) twenty-two million, eight hundred and eighty-nine thousand, three hundred and sixty-seven Saudi Riyals, while purchases from the Company's five (5) largest suppliers in 2023G amounted to (19,909,641) nineteen million, nine hundred and nine thousand, six hundred and forty-one Saudi Riyals, and purchases from the Company's five (5) largest suppliers in 2024G amounted to (12,387,893) twelve million, three hundred and eighty-seven thousand, eight hundred and ninety-three Saudi Riyals. Purchases from the Company's top (5) five suppliers as of June 30, 2024G and 2025G amounted to (6,542,875) six million, five hundred and forty-two thousand, eight hundred and seventy-five Saudi Riyals and (7,229,938) seven million, two hundred and twenty-nine thousand, nine hundred and thirty-eight Saudi Riyals, representing 31.82%, 29.10%, 19.75%, 20.30% and 21.70% of the total cost of revenues for those years respectively.

The unavailability of suppliers or service providers due to market and economic conditions, or any disruptions in the supply chain, will adversely affect the Company's operations. The Company's inability to contract with other suppliers on similar terms and conditions, or to obtain the required materials, or the delays in obtaining them, may expose it to losses in its operational performance. If suppliers fail to meet supply and delivery dates, the Company may incur additional costs to compensate for this shortage, which will affect the Company's reputation. Should this occur, it will have a material adverse effect on the Company's business, results of operations, financial condition, and prospects.

2-1-33 Risks Related to Reliance on Key Customers

The Company's revenue is largely concentrated in its top (5) five clients each year, out of an average customer base of over (197) clients. Revenue from these top (5) five clients in 2022G amounted to (23,403,691) twenty-three million, four hundred and three thousand, six hundred and ninety-one Saudi Riyals. In 2023G, revenue from these top (5) five clients reached (33,170,305) thirty-three million, one hundred and seventy thousand, three hundred and five Saudi Riyals. Revenue from these top (5) five clients in 2024G amounted to (24,206,395) twenty-four million, two hundred and six thousand, three hundred and ninety-five Saudi Riyals. Revenue from these top (5) five clients for the financial periods ending June 30, 2024G and 2025G, the amounts of (13,235,422) thirteen million, two hundred and thirty-five thousand, four hundred and twenty-two Saudi Riyals, and (9,107,489) nine million, one hundred and seven thousand, four hundred and eighty-nine Saudi Riyals, represent 30.65%, 43.83%, 41.38%, 54.06%, and 32.70% of the total revenues for the fiscal years ending December 31, 2022G, 2023G, and 2024G, and the fiscal period ending June 30, 2024, and 2025G respectively.

Although the Company has long-term strategic relationships with its major customers in particular and all customers in general, it could lose a significant portion of its revenues if a dispute arises between it and these major customers, or if business volume declines with them. The Company would be exposed to the loss of a significant portion of its revenues and may be unable to reimburse other customers, which would have a material adverse effect on the Company's business, financial condition, results of operations, and prospects.

2-1-34 Risks of Liquidity

The liquidity risk occurs when the Company becomes unable to meet its financial liabilities obligations as they fall due (for more information, please see Section 6, «**Financial Information and Management's Discussion and Analysis**,» of this Prospectus). The Company's liquidity ratio reached (8.04) times, (9.27) times, (2.41) times, and (1.60) times for the fiscal years 2022G, 2023G, 2024G and the financial period ending on September 30, 2025G, respectively. However, there is no guarantee that unforeseen events will not occur that may require immediate liquidity, rendering the Company unable to meet its current or future obligations on their due dates. If the Company is unable to do so, it will be vulnerable to financial distress, which will negatively impact the Company's business, performance, and financial condition.

Management monitors the risk of liquidity shortages using forecasting models to determine the impact of operating activities on overall liquidity availability. It maintains a sufficient level of available cash flow to ensure debt repayment when due. The following tables illustrate the maturities of the Company's financial liabilities based on contractual payments:

Table No. (5): Financial liabilities due to the Company based on contractual payments as of December 31, 2022G

As of December 31, 2022G	Book value	Contracted cash flows	Year	From (1) year to (5) five years	More than (5) five years
Lease obligations	5,256,277	5,256,277	654,861	2,106,080	2,495,336
Contract obligations with customers	774,395	774,395	774,395	-	-
Accounts payable	3,238,853	3,238,853	3,238,853	-	-
Accrued expenses and other liabilities	7,041,368	7,041,368	7,041,368	-	-
Dividends payable	82,463	82,463	82,463	-	-
Total	16,393,356	16,393,356	11,791,940	2,106,080	2,495,336

Source: Company's financial statements.

Table No. (6): Financial liabilities due to the Company based on contractual payments as of December 31, 2023G

As of December 31, 2023G	Book value	Contracted cash flows	Year	From (1) year to (5) five years	More than (5) five years
Lease obligations	6,832,255	8,462,244	1,085,696	4,422,708	2,953,840
Customer contract obligations	410,887	410,887	410,887	-	-
Trade payables	1,493,902	1,493,902	1,493,902	-	-
Accrued expenses and other liabilities	5,742,086	5,742,086	5,742,086	-	-
Total	14,461,130	16,091,119	8,714,571	4,422,708	2,953,840

Source: Company's financial statements.

Table No. (7): Financial liabilities due to the Company based on contractual payments as of December 31, 2024G

As of December 31, 2024G	Book value	Contracted cash flows	Year	From (1) year to (5) five years	More than (5) five years
Lease obligations	9,730,907	11,770,129	1,422,836	6,316,178	4,031,115
Loans and Murabaha	17,060,272	17,800,000	8,400,000	9,400,000	-
Contract obligations with customers	737,634	737,634	737,634	-	-
Trade payables	4,157,232	4,157,232	4,157,232	-	-
Accrued expenses and other liabilities	4,478,960	4,478,960	4,478,960	-	-
Total	36,435,005	39,213,955	19,466,662	15,716,178	4,031,115

Source: Company's financial statements.

Table No. (8): Financial liabilities due to the Company based on contractual payments as of June 30, 2025G

As of June 30, 2025G	Book value	Contracted cash flows	Year	From (1) year to (5) five years	More than (5) five years
Lease obligations	9,658,444	11,617,182	1,422,836	6,316,178	3,878,168
Loans and Murabaha	37,228,168	39,585,868	31,585,868	8,000,000	-
Contract obligations with customers	1,147,980	1,147,980	1,147,980	-	-
Trade payables	9,655,126	9,655,126	9,655,126	-	-
Accrued expenses and other liabilities	8,277,099	8,277,099	8,277,099	-	-
Total	65,966,817	70,283,255	52,088,909	14,316,178	3,878,168

Source: Management Information.

The Company's net working capital (total current assets less total current liabilities) amounted to (106,290,508) one hundred six million, two hundred ninety thousand, five hundred eight Saudi Riyals as of December 31, 2022G, (103,716,420) one hundred three million, seven hundred sixteen thousand, four hundred twenty Saudi Riyals as of December 31, 2023G, and (43,083,363) forty-three million, eighty-three thousand, three hundred sixty-three Saudi Riyals as of December 31, 2024G, and (44,764,528) forty-four million, seven hundred and sixty-four thousand, five hundred and twenty-eight Saudi Riyals as of September 30, 2025G.

The following table shows the Company's key liquidity indicators for the years 2022G, 2023G, 2024G and the financial period ending on September 30, 2025G.

Table No. (9): The Company's Key Liquidity Indicators for 2022G, 2023G, 2024G and the financial period ending on September 30, 2025G

	2022G	2023G	2024G	September 30, 2025G
Cash and Cash Equivalents (Saudi Riyals)	39,135,249	44,679,339	4,218,244	4,630,729
Net Working Capital (Saudi Riyals)	106,290,508	103,716,420	43,083,363	44,764,528
Current Ratio (times)	8.04	9.27	2.41	1.60

Source: Company Financial Statements and Management Information.

2-1-35 Risks Related to Restating Prior Years Financial Statements

In accordance with the requirements of International Accounting Standard No. (8) «Accounting Policies, Changes in Accounting Estimates, and Errors,» the Company restated comparative figures for prior financial years during the fiscal year ending December 31, 2024G. Management identified some errors in applying lease accounting in prior years. These errors primarily related to the adjustment in the recognition of right-of-use assets and leases for prior years for certain leases with terms ranging from (10) ten to (20) twenty years that were not previously accounted for under International Financial Reporting Standard (16) «Leases.»

The correction of these errors resulted in restating the balances of right-of-use assets, lease liabilities, and prepayments as of January 1, 2023G and December 31, 2023G. Furthermore, the depreciation expense related to right-of-use assets and finance costs related to lease liabilities were adjusted. Accordingly, the opening balances of assets, liabilities, and equity for the prior period presented have been restated. The details below show the adjustments, reclassifications, and impact on items in the consolidated statement of financial position, statement of profit or loss, and statement of comprehensive income.

Table No (10): Adjustments, reclassifications, and impact on items in the consolidated statement of financial position as of December 31, 2023G.

	December 31, 2023G As issued	Amendment	Reclassifica- tion	December 31, 2023 (amended)
Assets				
Non-current Assets				
Right-of-Use Assets	4,778,812	2,004,774	-	6,783,586
Total Non-Current Assets	121,871,947	2,004,774	-	123,876,721
Current Assets				
Prepaid Expenses and Other Assets	1,563,732	(65,110)	-	1,498,622
Total Current Assets	116,320,522	(65,110)	-	116,255,412
Total Assets	238,192,469	1,939,664	-	240,132,133
Equity and Liabilities				
Equity				
Retained Earnings	(14,808,787)	(317,223)	-	(15,126,010)
Total Equity	210,191,213	(317,223)	-	209,873,990
Liabilities				
Non-current Liabilities				
Lease Obligations - Non-Current Portion	4,176,582	1,774,096	-	5,950,678
Total Non-Current Liabilities	15,945,055	1,774,096	-	17,719,151
Current Liabilities				
Lease Obligations - Current Portion	702,716	178,861	-	881,577
Accrued Expenses and Other Liabilities	5,337,693	303,930	82,463	5,724,086
Dividends Payable to Shareholders	82,463	-	(82,463)	-
Total Current Liabilities	12,056,201	482,791	-	12,538,992
Total Liabilities	28,001,256	2,256,887	-	30,258,143
Total Equity and Liabilities	238,192,469	1,939,664	-	240,132,133

Source: Audited Consolidated Financial Statements for the fiscal year ending December 31, 2024G

Table No. (11): Amendments, reclassifications and impact on items in the consolidated statement of financial position January 01, 2023G

	January 01, 2023G As issued	Amendment	Reclassification	January 01, 2023G (amended)
Assets				
Non-current Assets				
Right-of-Use Assets	4,220,013	2,222,164	-	6,442,177
Total Non-Current Assets	177,973,594	2,222,164	-	180,195,758
Current Assets				
Prepaid Expenses and Other Assets	3,570,543	(67,449)	-	3,503,094
Total Current Assets	121,451,966	(67,449)	-	121,384,517
Total Assets	299,425,560	2,154,715	-	301,580,275
Equity and Liabilities				
Equity				
Retained Earnings	43,701,861	(166,900)	-	43,534,961
Total Equity	268,701,861	(166,900)	-	268,534,961
Liabilities				
Non-current Liabilities				
Lease Obligations - Non-Current Portion	3,316,474	1,879,142	-	5,195,616
Total Non-Current Liabilities	16,072,163	1,879,142	-	17,951,305
Current Liabilities				
Lease Obligations - Current Portion	654,861	247,370	-	902,231
Accrued Expenses and Other Liabilities	7,041,368	195,103	82,463	7,318,934
Dividends Payable to Shareholders	82,463	-	(82,463)	-
Total Current Liabilities	14,651,536	442,473	-	150,940,009
Total Liabilities	30,723,699	2,321,615	-	33,045,314
Total Equity and Liabilities	299,425,560	2,154,715	-	301,580,275

Source: Audited Consolidated Financial Statements for the year ending December 31, 2024.

The impact of the amendments on the consolidated statement of profit or loss and other comprehensive income was as follows:

Table No. (12): Amendments, reclassifications, and impact on items in the consolidated statement of profit or loss and other comprehensive income for 2023G

	2023G As issued	Amendment	Reclassification	2023G (amended)
Cost of sales	(68,336,687)	(59,902)	-	(68,396,589)
General and administrative expenses	(15,610,097)	-	(1,440,817)	(17,050,914)
Provision for expected credit losses	-	-	(1,440,817)	1,440,817
Finance costs	(1,129,362)	(90,421)	-	(1,219,783)

Source: The Audited Consolidated Financial Statements for the fiscal year ending December 31, 2024G.

During the six-month period ended June 30, 2025G, the Group reviewed its accounting policies and procedures for allocating impairment to property, plant, and equipment. It was discovered that an error had occurred in prior periods where the impairment provision was disproportionately charged to the affected items, resulting in higher depreciation expense than required during those periods. This error was corrected during the period ended June 30, 2024G, resulting in a reduction in the cost of sales.

The Group also amended the method of recognizing right-of-use assets, lease liabilities, and certain related items for prior periods of some leases. This had a direct impact on the depreciation of right-of-use assets and the financing costs associated with lease liabilities. The resulting depreciation expense was charged to the cost of sales, while the financing costs for the period ended June 30, 2024G, were charged to financing costs.

To complete the accounting procedures for the six-month period ending June 30, 2025G, the Group restated certain comparative figures due to the transition of one of its subsidiaries («Saudi Land Factory for Cement Products (SLF)») from applying International Financial Reporting Standards (IFRS) for small and medium-sized enterprises (SMEs) to applying full IFRS. This transition necessitated a change in the accounting policies applied by that subsidiary, resulting in the recognition of depreciation of right-of-use assets and their allocation to cost of sales, as well as the recognition of finance costs related to lease obligations and the amortization of the fund loan and their allocation to finance costs. Additionally, deferred government grant interest was restated as a reducing effect, which impacted the accumulated losses for prior periods resulting from this transition.

The Company also corrected an error related to the failure to recognize the provision for expected credit losses on customer balances. The provision was reversed instead of being recognized in the income statement as an item for expected credit losses.

Accordingly, the Group has adjusted the comparative data in accordance with the requirements of International Accounting Standard No. 8 «Accounting Policies, Changes in Accounting Estimates and Errors», whereby the financial statements for the prior period have been restated to reflect the corrective effect of these errors.

Table No. (13): The effect of adjustment on the condensed consolidated interim statement of profit and loss and other comprehensive income for the six-month period ended June 30, 2024G.

	30 June 2024G As issued	Adjustment	Restatement	30 June 2024G (Adjusted)
Cost of Sales	(33,915)	1,694	-	(32,220)
Financing Costs	(397)	(267)	-	(664)
General and Administrative Expenses	(8,745)	-	(592)	(9,336)
Reversal of Provision for Expected Losses	-	1,400	592	1,992

	30 June 2024G As issued	Adjustment	Restatement	30 June 2024G (Adjusted)
Other Income	167	33	-	200
Adjustment Effects on Net Loss for the Period	(20,439)	2,860	-	(17,579)

Source: Financial Statements and Company.

The above adjustments have been made by restating each item in the financial statements affected by this error for prior periods (for further information, please refer to Section 6, «**Financial Information and Management's Discussion and Analysis**,» of this Prospectus).

If any accounting errors are found that led to the presentation of incorrect data in previous fiscal years, or if any accounting errors are found in future years, this will adversely affect the Company's business, financial condition, results of operations, and future prospects.

2-2 Risks Related to the Market and Sector in which the Issuer Operates

2-2-1 Risks Related to the Economic Performance of the Kingdom

The Company's performance depends on the financial position and strength of its customers, which in turn depends on the economic conditions in the markets in which the Company and its customers operate. The Company's operations and customer base are located in the Kingdom, which constitutes the largest portion in the Kingdom, in addition to some customers in other countries. Therefore, the Group's financial performance depends on the prevailing economic and political conditions in the Kingdom and the global economic conditions that affect the Kingdom's economy.

For example, the oil sector continues to constitute the largest share of Saudi Arabia's gross domestic product (GDP). Oil prices may fluctuate, adversely affecting the Saudi Arabian economy, which could have a material and adverse impact on the Company's business, financial condition, results of operations, and future prospects.

In addition, the Middle East region is exposed to numerous security and geopolitical risks, which could impact the geographic areas in which the Company operates. Furthermore, investments in the Middle East, which remains subject to ongoing political, economic, and social changes, are characterized by instability. There can be no assurance that adverse economic and political conditions in these or any other countries will not adversely affect the economy, foreign direct investment in general, or the Company's business, results of operations, financial condition, and future prospects.

In addition, a decline in general economic conditions could have a material impact on the Company's business, financial condition, results of operations, or future prospects. Disruptive regulatory or geopolitical events, including armed conflicts in Ukraine, Gaza, and other conflicts in the Middle East, may contribute to increased revenue volatility and declines. The Saudi economy may be adversely affected by difficult global economic conditions and external shocks, including trade disruptions, trade protection policies, or related threats. Customer demand may also be affected by economic and geopolitical conditions.

Any unexpected changes in the political, economic, social, or other conditions in the Middle East, or changes in the general conditions of the global economy, could have a material and adverse impact on the Company's services in particular, the markets in which the Company operates, and its ability to attract and retain customers in those geographic areas. This could have a material and adverse impact on the Company's business, results of operations, and future prospects.

2-2-2 Risks Related to Energy and Water Prices

The Council of Ministers issued Resolution No. 95 dated 17/03/1437H (corresponding to 28/12/2015G), raising energy product prices, electricity consumption tariffs, and water and sewage service prices for the residential, commercial, and industrial sectors, as part of policies related to rationalizing energy consumption and reducing government subsidies in the Kingdom. The Ministry

of Energy also issued a statement on 24/03/1439H (corresponding to 12/12/2017G) regarding the Fiscal Balance Program plan to correct energy product prices, effective from 14/04/1439H (corresponding to 01/01/2018G). The Company's operations in the Kingdom depend on the availability of energy, electricity, and water products. Therefore, any interruption or reduction in the supply of these products, or any increase in their prices, would have a material adverse impact on the Company's business, results of operations, financial condition, and future prospects.

2-2-3 Risks Related to Declining Demand for Clay Pipes

The Company has witnessed a significant decline in demand for its clay pipe products over the past few years. A continued decline in this decline is a significant risk that could adversely impact the Company's revenues and results of operations. During 2024G, the Company's Board of Directors decided to cease operations and production-related activities at the Company's second factory and to limit production and manufacturing operations to those carried out by the Company's first factory (for more information, please see Section 2-1-24 «**Risks Related to Closure of the Company's Factories**» of this Prospectus). This decision was made due to the lack of sufficient demand for the Company's clay pipe products to meet the Company's maximum production capacity. Operating a single factory is sufficient to meet purchase orders and meet current demand levels.

It is worth mentioning that on 27/03/1447H (corresponding to 19/09/2025G), the Company signed a contract to sell the assets of the second factory located in the Second Industrial City in Riyadh to the United Model Industries Company, and to assign the lease contract for the land on which the factory is located, for a total sale value of (45,000,000) forty-five million Saudi Riyals. The Company also announced on 16/04/1447H (corresponding to 08/10/2025G), the approval of the Saudi Authority for Industrial Cities and Technology Zones («**MODON**») to assign the lease contract subject to the transaction in favor of the United Model Industries Company.

This decline in demand is attributed to several factors, most notably regulatory factors. The government has shifted to using alternative pipes to clay pipes in government projects, such as PVC, GRP, and HDPE pipes, which are characterized by their light weight, ease of installation, and lower transportation and maintenance costs. Recent trends in government and private projects indicate a change in technical specifications to include more modern and efficient solutions, which could lead to the exclusion of clay pipes from certain uses and reduce the Company's competitiveness in these projects.

The clay pipe industry may be affected in the future by any regulatory or environmental updates or legislation related to the use of certain materials or manufacturing methods. This could lead to a reduction in the scope of product use, which would have a negative and material impact on the Company's business, revenues, financial condition, and future prospects.

2-2-4 Risks of Slowdown in Projects Requiring Infrastructure Works

The Company is currently implementing a number of strategic projects to equip new factories in various sectors. These investments aim to diversify sources of income and increase future revenues and profitability. The operational readiness of these plants depends primarily on the completion of the necessary infrastructure, including electricity, water, sewage networks, and internal roads.

If the Company or its implementing contractors experience a slowdown or delay in completing the infrastructure work for any reason, such as delayed supply, poor contractor performance, delayed government or regulatory approvals, or weather or environmental conditions, this could lead to a delay in the operation of the plants. This could result in the Company incurring additional unplanned costs, such as financing costs resulting from delayed payments or plant operation, in addition to delays in achieving the expected investment returns from these projects, or the erosion of the economic feasibility of some projects due to costs not matching expected cash flows. Therefore, any delay in completing the infrastructure necessary to operate these new plants will have a material adverse impact on the Company's business, results of operations, and future prospects.

2-2-5 Risks Related to the Limited Decision-Makers Regarding the Type of Pipes Used in Projects

Decisions regarding the selection of pipes for infrastructure and construction projects are important technical decisions that are often made by a limited number of entities or individuals, such as government agencies and institutions, project managers within government agencies, engineering consulting offices, or real estate developers. The trend in some projects may shift toward newer specifications that could lead to the exclusion of clay pipes, weakening the Company's competitiveness.

The Company faces a risk resulting from the limited number of decision-makers relied upon to determine the technical specifications of projects, including the type of pipe material. This risk leads to the exclusion of clay pipes from some projects despite their technical suitability, due to the superiority of alternative pipe materials or the lack of recommendations from consulting bodies.

Given the Company's reliance on the production of clay pipes for infrastructure projects, any negative or unsupportive approach by these limited entities regarding the selection of clay pipes, or any tendency to use and rely on alternative types of pipes, could directly impact the volume of demand for the Company's products. This could have a material and negative impact on the Company's business, financial condition, results of operations, and future prospects.

2-2-6 Risks Related to Non-Compliance with Existing Laws and/or Issuance of New Laws and Regulations

The Company and its subsidiaries are subject to the supervision of several government agencies in the Kingdom of Saudi Arabia. Therefore, the Company and its subsidiaries are exposed to the risks of changes in the laws, regulations, and circulars in the Kingdom. The costs of complying with these regulations are high. Any changes or amendments to existing regulations, rules, and laws, or the issuance of new laws or rules, will result in the Company incurring additional unexpected financial expenses related to compliance with these regulations and meeting the requirements of these laws. Failure to comply with these regulations on a consistent basis may result in penalties and fines imposed by the relevant supervisory authorities. This will have a negative impact on the Company's business, results of operations, financial condition, and future prospects.

2-2-7 Risks Related to Changes in Import and Export Regulations

The Company exports finished products from its factories to markets abroad (for more information, please see Section 2-1-18 «**Risks Related to Exporting the Company's Products**»). Therefore, import and export regulations in the Kingdom and other markets in which it operates, as well as the import regulations in the countries where the Company sells its products, may have a material impact on the Company's business. The imposition of new legal requirements or regulations, such as the recent decision by the Saudi government to increase customs duties to 20%, or anti-dumping duties, tariffs, and other measures, whether taken by countries or regional trading blocs, or if import regulations become more stringent with respect to materials that the Company purchases from vendors and suppliers, or if sanctions or embargoes are imposed on those countries or on the Group's main markets by the United Nations, other international organizations, or other governments, could have a material adverse effect on the Company's business, results of operations, financial condition, and future prospects.

2-2-8 Risks Related to Political and Economic Instability in the Middle East

The Company's headquarters and factories, where it conducts its operational activities, are located within the Kingdom of Saudi Arabia. The Company sells and exports its products to several different countries and regions, including, but not limited to, Germany, Hong Kong, Brunei, Qatar, Kuwait, and Bahrain. Any unexpected changes in the political, social, or economic conditions in the Kingdom and in the countries where the Company's products are sold may have a direct adverse impact on the Company's ability to produce effectively, its profitability, and its costs. This could lead to lower profit margins and reduced demand for the Company's products. These changes include, for example, changes in governments and administrations, changes in public policies and economic conditions, changes in laws and incentives, and others. This exposes the Company to the risks related to these countries and any factors affecting the economies of those countries, which will impact the Company's business, operations, financial condition, cash flows, and future prospects.

2-2-9 Risks Related to the New Companies Law and Amended Governance Regulations

On 29/11/1443H (corresponding to 28/06/2022G), the Council of Ministers approved the Companies Law issued pursuant to Royal Decree No. (M/132) dated 01/12/1443H (corresponding to 30/06/2022G). The Law aims to facilitate procedures and regulatory requirements to stimulate the business environment and support investment. It also aims to achieve balance among stakeholders, provide an effective and fair corporate governance framework, and promote institutional work. It contributes to the sustainability of economic entities, including family businesses, attracts local and foreign investment, provides sustainable financing sources, meets the needs and requirements of the entrepreneurship sector, and stimulates the growth of small and medium-sized enterprises. The Law will become effective as of 26/06/1444H (corresponding to 19/01/2023G). This law replaces the Companies Law issued by Royal Decree No. (M/3) dated 28/01/1437H (corresponding to 29/10/2016G) and the Professional Companies Law issued by Royal Decree No. (M/17) dated 26/01/1441H (corresponding to 25/09/2019G), repealing all conflicting provisions. All companies existing upon the entry into force of the new Companies Law must adjust their status in accordance with its provisions within a period not exceeding (two years) from the date of its entry into force. As an exception, the Ministry of Commerce and the Capital Market Authority, each within its respective jurisdiction, shall determine the provisions contained therein governing such companies during that period.

On 11/06/1444H (corresponding to 04/01/2023G), the Ministry of Commerce and the Capital Market Authority clarified the mechanism for implementing the new Companies Law. According to this mechanism, the grace period for adjusting the status does not include: (1) new companies established after the system comes into force, as all provisions of the system will apply to them from the date of its entry into force; (2) provisions extended from the Companies Law issued by Royal Decree No. (M/3) dated 28/01/1437H; (3) crimes and violations stipulated by the law and the penalties imposed upon their commission; (4) provisions that created procedural obligations for the Company or its administrative apparatus upon the entry into force of the law. The Ministry of Commerce and the Capital Market Authority also clarified the provisions that companies must adhere to from the date of the law's entry into force.

Noting that, pursuant to the issuance of the new Companies Law, the Corporate Governance Regulations issued by the Board of the Capital Market Authority were amended pursuant to Resolution No. (8-16-2017) dated 16/05/1438H (corresponding to 13/02/2017G) based on the Companies Law issued pursuant to Royal Decree No. (M/3) dated 28/01/1437H (corresponding to 29/10/2016G), and amended by Resolution No. (8-5-2023) dated 25/06/1444H (corresponding to 18/01/2023G) based on the Companies Law issued pursuant to Royal Decree No. (M/132) dated 01/12/1443H (corresponding to 30/06/2022G).

Any violation of these rules and procedures or failure to implement them will expose the Company to accountability by the Capital Market Authority, which will have a material adverse impact on the Company's business, financial position, results of operations, and future prospects.

2-2-10 Risks Related to the Imposition of New Fees or Taxes

The Company is currently subject to Zakat and value-added tax (VAT), currently at 15% of the fees charged on the products it offers. However, it is possible that the government may impose other fees or taxes on companies in the future. Therefore, if new corporate taxes or fees are imposed other than those currently in effect, this will adversely impact the Company's business, results of operations, and future prospects.

2-2-11 Risks Related to Value-Added Tax

The Council of Ministers decided on 02/05/1438H (corresponding to 30/01/2017G) to approve the Unified Value-Added Tax Agreement for the Gulf Cooperation Council (GCC) countries, which came into effect on January 1, 2018G. This system imposes a value-added tax (VAT) of (5%) on a number of products and services as a new tax in addition to other taxes and fees on specific sectors in the Kingdom, including the sector in which the Company operates. On 25/09/1441H (corresponding to 18/05/2020G), the VAT rate was increased from (5%) to (15%), effective from 10/11/1441H (corresponding to 01/07/2020G).

Accordingly, the Company must adapt to the changes resulting from the implementation of VAT, including its collection and payment. Any violation or misapplication of the tax system by the Company's management will expose it to fines or penalties or damage the Company's reputation. This will also increase operating costs and expenses, potentially reducing the Company's competitive position and the level of demand for its products, which will impact the Company's results of operations and future prospects.

2-2-12 Risks Related to Currency Exchange Rates

Currency exchange rate risks are attributable to fluctuations in financial investments due to changes in exchange rates. Companies exposed to exchange rate risk typically conduct transactions with parties outside the Kingdom and in those parties' currencies. Note that most of the Company's operations are conducted in Saudi Riyals. If the Company collects any amounts from sales of its products to foreign countries or conducts any transactions in foreign currencies, such as the US dollar and the Qatari riyal, it may be exposed to exchange rate risk. Any significant fluctuations in exchange rates could adversely affect the Company's financial performance.

2-2-13 Risks Related to Interest Rate Fluctuation

The Company's expansion and development plans depend on obtaining financing from external lenders, such as banks, government lenders, and other financiers. This financing is subject to the interest rates and commissions applied by banks, which are significantly affected by factors outside the Company's control, such as monetary and tax policies, and global economic and political conditions. Any increase in interest rates and commissions applied by banks will result in higher financing costs for the Company, which will adversely affect its future profitability and its ability to pay and meet its obligations to lenders. Fluctuations in interest rates, and high commission rates will also have a material adverse impact on the Company's business, financial condition, results of operations, and future prospects.

2-2-14 Risks Related to Fluctuations in Supply and Demand

The Company's sector, like all other sectors, is affected by fluctuations in supply and demand in the market. Therefore, failure to adjust production levels to the sharp drop in demand will impact companies' productivity and sales levels, which in turn will impact the overall performance of the sector and, consequently, the Company's performance, results of operations, financial condition, and future prospects.

2-3 Risks Related to the Offered Securities

2-3-1 Risks Related to Liquidity and Share Price Volatility

Investors may not be able to resell their shares (including the Rights Shares) at or above the Offering Price, as the market price of the shares following the offering may be adversely affected by factors within or beyond the Company's control, including, but not limited to, changes in the Company's results of operations, market conditions, or government regulations.

Eligible shareholders should be aware that the value of an investment in the shares (including the Rights Shares) may fall as well as rise, and the market price of the shares may be volatile and subject to significant fluctuations due to changes in market perceptions regarding the shares. From time to time, the stock market has experienced significant price and volume fluctuations that have affected the market prices of securities, and these fluctuations may be unrelated to the Company's performance or activities. Furthermore, the Company's operating results and prospects may fall below the expectations of market analysts and general market conditions from time to time. Any of these events could cause the market price of the shares to decline.

2-3-2 Risks Related to Potential Fluctuations in the Price of Rights

The market price of the Company's Rights may experience significant fluctuations due to changes in market trends, represented by supply and demand forces for the Company's shares. These fluctuations may be significant due to the difference in the permissible range of changes compared to the daily fluctuation limits for the Company's share price (which is a «10%» rise or fall from the previous day's closing price). Moreover, since the price of the Rights depends on the Company's trading price and the potential market prices

of the Rights shares, these factors, in addition to the aforementioned factors related to liquidity and volatility in the share price, may affect the price of the Rights. The sale of a large number of the Company's shares, or the expectation of a large number of them being sold, may adversely affect the price of the Company's shares.

2-3-3 Risks Related to the Lack of Demand for the Rights and the Company's Shares

There is no guarantee that there will be sufficient demand for the Company's Rights shares during the trading period to enable the holder of these shares (whether a registered shareholder or a new investor) to sell them and realize a profit, or simply sell them. There is also no guarantee that there will be sufficient demand for the Company's remaining shares from investors during the Rump Offering period. If Institutional Investors do not bid for the remaining shares at a high price, the compensation amount may not be sufficient to distribute to unexercised rights holders. Furthermore, there is no guarantee that there will be sufficient market demand for the Rights shares that the subscriber will obtain, whether through the rights subscription, the offering of the remaining shares, or in the open market.

2-3-4 Risks Related to Non-Distribution of Dividends

Future dividend distribution depends on several factors, including the financial condition and future earnings, capital requirements, distributable reserves, general economic conditions, and any other relevant factors that the Board of Directors deems important from time to time. Accordingly, the Company does not guarantee that any dividends will be distributed in the future.

2-3-5 Risks Related to Declining Ownership Rates

If eligible shareholders do not fully subscribe for the New Shares by the end of the offering period, their ownership percentages and voting rights will be reduced. Eligible shareholders who subscribe to all Rights by the end of the subscription period may experience a reduction in their shareholding in the Company, as their entitlements will be rounded up to the nearest whole number of Rights shares. However, these shareholders will still be able to subscribe for additional Rights shares, which will enable them to maintain or increase their proportionate shareholding in the Company. There is also no guarantee that eligible shareholders who do not sell their Rights during the trading period will receive a return sufficient to compensate for the reduction in their shareholding in the Company's capital as a result of the capital increase.

2-3-6 Risks Related to Trading in the Rights

Speculation related to Rights shares may cause material losses. The permissible price change limits for rights trading exceed the permissible percentage of share prices (10% up or down). There is also a direct relationship between a company's share price and the indicative value of the share. Therefore, the daily price limits for rights trading will be affected by the daily price limits for share trading.

If the speculator fails to sell the Rights before the end of the Rights trading period, they will have two options: either exercise these rights to subscribe for New Shares before the end of the subscription period, or do not exercise them. Failure to exercise the rights may result in a loss or a decrease in the value of their investment portfolio, or a gain if the shares are sold during the Rump Offering period at a price higher than the Offering Price. Therefore, investors should review the full details of the listing and trading of Rights and Rights shares and how they operate, and they must be aware of all the factors affecting them to ensure that any investment decision is based on full awareness and understanding.

2-3-7 Risks Related to Forward-Looking Statements

Certain statements contained in this Prospectus are forward-looking statements and involve known and unknown risks and uncertainties that could affect the Company's results. These statements include, but are not limited to, statements regarding the Company's financial position, business strategy, plans, and future objectives (please see Section 4 «**Company Background**» and Section 6 «**Financial Information and Management's Discussion and Analysis**» of this Prospectus), including the Company's

development plans and business objectives. If any of the assumptions are incorrect or invalid, actual results may differ materially from those stated in this Prospectus, which could result in investors losing their investments in the Company's shares.

2-3-8 Risks Related to Poor Shareholder Awareness of the Mechanism for Trading and Exercising Rights

Trading Rights is a new market for some investors, so many investors may not be familiar with the trading mechanism therein, which could negatively impact their desire to invest in and trade Rights. If this occurs, their ownership percentage in the Company will decrease, which will negatively impact those who have not exercised their subscription rights, particularly if no compensation is distributed to them when Institutional Investors do not submit their offers at a price higher than the Offering Price of (10) ten Saudi Riyals during the Rump Offering period.

2-3-9 Risks Related to the Possibility of Issuing New Shares in the Future

The Company currently has no plans to issue New Shares (other than the Rights shares mentioned in this Prospectus). However, if the Company decides to increase its capital by issuing New Shares, and existing shareholders do not exercise their rights upon issuing new Rights, their share ownership will decrease proportionately, along with their voting rights and right to receive dividends. Any additional offering may have a material impact on the market price of the share.

2-3-10 Risks Related to Suspension or Cancellation of Trading in a Company's Shares Due to Failure to Publish its Financial Statements Within the Regulatory Period

If a company is unable to publish its financial statements within the statutory period (thirty days from the end of the financial period for interim financial statements, and three months from the end of the financial period for annual financial statements), procedures for suspending listed securities shall be applied in accordance with the Listing Rules, which stipulate that the Saudi Stock Exchange (Tadawul) shall suspend trading in securities for one trading session following the end of the statutory period. If the financial statements are not published within (20) twenty trading sessions following the first suspended trading session, the Saudi Stock Exchange (Tadawul) shall announce the re-suspension of trading in the Company's securities until it announces its financial results. If the suspension of trading in securities continues for (6) six months without the Company taking appropriate measures to rectify the suspension, the CMA may cancel the listing of the Company's securities. The Saudi Stock Exchange (Tadawul) shall lift the suspension one trading session following the announcement of the Company's financial results. However, if the Company delays announcing its financial results, or fails to publish them within the statutory deadline referred to above, this will result in the suspension of the Company's shares or the delisting of its shares.

The Company is vulnerable to such an occurrence, especially since it has established a subsidiary and acquired another company, which requires consolidating the Group's financial statements, which may take longer to prepare than the preparation of separate financial statements. If the Company delays announcing its financial results within the statutory deadlines, this will lead to a suspension of trading in the Group's securities, which will have a material adverse impact on the interests of the Company's shareholders, the Company's reputation, and its results of operations. In addition, the Authority may cancel the Group's rights offering if it determines that the offering may not be in the shareholders' best interest.

2-3-11 Risks Related to the Failure to Ensure Eligible Persons Receive Compensation

The subscription period will begin on ****/**/****H** (corresponding to ****/**/****G**) and end on ****/**/****H** (corresponding to ****/**/****G**). Eligible Persons and their financial intermediary representatives must take appropriate measures to comply with all required instructions and subscribe for the Rights Shares before the end of the offering period. If Eligible Persons fail to properly exercise their Rights at the end of the offering period, based on the rights they hold, there is no guarantee that a compensation amount will be distributed to Eligible Persons who did not properly subscribe for the Rights Shares.



03

Market and Sector In-formation

3- Market and Sector Information

The Saudi Vitrified Clay Pipe Company (the «Company») commissioned Euromonitor International Limited, an independent provider of strategic market research services, to conduct a market study assessing the vitrified clay, concrete, and plastic pipes sectors (please refer to the definition and scope of these categories in the sections below of this report) in the Kingdom of Saudi Arabia.

The information below is based on an independent market study prepared by Euromonitor Company, which granted written consent for publication of its report in the rights issue prospectus and has not withdrawn this consent as of the date of publication. Neither Euromonitor Company itself nor any of its employees or their relatives own shares or interests of any kind in the Company or any of its subsidiaries.

3-1 Macroeconomic Overview and Demographics

3-1-1 Macroeconomic Overview of the Kingdom of Saudi Arabia

Saudi Arabia has intensified its economic diversification efforts by focusing on non-oil activities, which has led to the creation of opportunities across various sectors, particularly in infrastructure development initiatives.

Saudi Arabia maintained its position as the largest economy in the Gulf Cooperation Council (GCC) region, with its GDP exceeding SAR 4.0 trillion (approximately USD 1.1 trillion) in 2023G, representing 50.5% of the region's total economy, compared to 50.1% in 2021G¹. This progress reflects a strong compound annual growth rate (CAGR) in nominal GDP of 10.5% over the period from 2021G to 2023G, exceeding the GCC average of 10.0%.² The Kingdom's per capita GDP also increased at a CAGR of 7.3% over the same period, reaching SAR 122,575.1 in 2023. ³ In terms of real GDP, Saudi Arabia's economic growth rebounded strongly in the wake of the pandemic, recording an annual growth rate of 5.1% in 2021, accelerating to 7.5% in 2022G. ⁴ This growth was supported by significant fiscal and social reforms, increased private consumption, and various fiscal and monetary measures, including the Public Investment Fund's⁵ annual spending of SAR 84 billion in 2021G and SAR 150 billion in 2022G to achieve economic recovery and infrastructure development, despite declining oil revenues. While the economy contracted by -0.8% year-on-year ⁶ in 2023 to stabilize global oil prices under the OPEC+ agreement, it is already recovering, with the General Authority for Statistics recording annual growth⁷ of 2.8% in the third quarter of 2024G.

The significant expansion of the non-oil sector is a key driver of the Kingdom's economic resilience. Despite its heavy reliance on oil revenues, the Kingdom's economy has steadily benefited from Saudi Vision 2030 programs aimed at diversifying non-oil revenues, expanding infrastructure, enhancing privatization, and attracting foreign direct investment. These efforts include structural programs such as the National Transformation Program, the Saudization Program (Saudization/Nitaqat), and the Saudi Privatization Program. Non-oil GDP continued to represent nearly half (47.5%)⁸ of the Kingdom's overall GDP in 2023G, up from 42.2% in 2022G⁹. This growing contribution from the non-oil sector continued to support the stability of the Saudi economy in 2024G, thanks to its sustained growth in the first three quarters of the year, with annual increases of 2.8% in the first quarter, 4.4% in the second quarter, and 4.2% in the third quarter, respectively, according to the General Authority for Statistics¹⁰. In contrast, oil activity continued its sharp decline, recording an annual decline of 10.6% in the first quarter and 8.5% in the second quarter, before witnessing a modest recovery of 0.3% in the third quarter. ¹¹ Not only did non-oil sectors help offset the fluctuations in oil activity, but they also became a major source of government revenue, allowing the contribution of government spending to the Kingdom's GDP to stabilize, reaching 32.3% in 2023G

1. Euromonitor International, Economic and Consumer Data, 2024G

2. Ibid.

3. Ibid.

4. Ibid.

5. ABGI Group. 2023G. The Public Investment Fund expects real estate spending of US\$1 trillion over the next decade.

6. Euromonitor International, Economic and Consumer Data, 2024G

7. General Authority for Statistics. 2024G

8. General Authority for Statistics. 2023G

9. General Authority for Statistics. 2021G

10. General Authority for Statistics. 2024G

11. Ibid.

compared to 31.7% in 2021G.¹² Government activity also maintained its strength in 2024G, achieving annual growth rates of 2.0% in the first quarter, 3.6% in the second quarter, and 3.1% in the third quarter, according to the General Authority for Statistics¹³.

Sustained growth in the non-oil sectors, stable oil activities, and the Kingdom's drive to achieve the goals of Saudi Vision 2030 provide a solid foundation for the Kingdom's positive economic outlook. Saudi Arabia's nominal GDP is expected to exceed SAR 5.8 trillion (approximately USD 1.6 trillion) by 2030G, cementing its leadership among GCC countries with an expected regional share of 51.1%. This is supported by a compound annual growth rate (CAGR) of 5.5% between 2023G and 2030G, which is higher than the regional average of 5.4%.¹⁴ Real GDP growth is expected to reach 1.4% in 2024G, reflecting the resilience and momentum of the Kingdom's economy.¹⁵ Saudi Arabia's overall budget forecasts for 2024G and 2025G remain strong, standing at approximately SAR 1,251 billion (US\$ 333.0 billion)¹⁶ and SAR 1,285 billion (US\$ 342.1 billion),¹⁷ respectively, consistently accounting for approximately 29.0-30.0% of overall GDP. The Kingdom has allocated a significant portion of these budgets to infrastructure initiatives, reflecting the government's recognition that infrastructure is a key cornerstone of its economic diversification strategy. Major infrastructure initiatives will not only directly benefit the sector but will also generate significant ripple effects, stimulating activity in related sectors such as housing, commercial development, and manufacturing. Supporting sectors such as civil engineering services, water distribution, and wastewater treatment and management will also benefit, thanks to their essential role in enabling and promoting construction projects of all kinds. This, in turn, is expected to increase demand for essential materials such as clay, concrete, and plastic pipes.

Massive investments in construction in Saudi Arabia are driving increased demand for building materials, both quantitatively and qualitatively, including various types of pipes.

The Kingdom's significant investment in the construction sector is a key component of its commitment to diversifying its economy away from the oil sector. The construction sector contributed 5.2% of the Kingdom's GDP in 2023G, maintaining a stable share as of 2021G.¹⁸ Since the launch of the National Transformation Program in 2016G, an integral part of Saudi Vision 2030, the total value of real estate and infrastructure projects budgeted for 2023G exceeded SAR 4.7 trillion (US\$1.25 trillion), according to Knight Frank.¹⁹ The total value of construction contracts awarded in 2023G reached approximately SAR 531.6 billion (US\$141.5 billion), a 4.3% increase over 2022G.²⁰ The residential sector accounted for 30.7% of this value, totaling SAR 163 billion (USD 43.5 billion), and is expected to grow to SAR 214 billion (USD 56.9 billion) by 2028G.²¹ The energy and utilities sector followed, contributing SAR 132 billion (USD 35.1 billion), with this value expected to rise to SAR 175 billion (USD 46.5 billion) by 2028G.²² The total value of the construction sector output is expected to exceed SAR 681.8 billion (USD 181.5 billion) by 2028G, making Saudi Arabia the largest construction market in the world.²³

There are currently more than 20 mega-projects in various stages of construction across the Kingdom, with plans for 2023G.²⁴ These projects serve multiple purposes, most notably urban development aimed at improving the quality of life for residents and strengthening the Kingdom of Saudi Arabia's overall position, while also supporting major cities such as Riyadh and Jeddah as leading regional and global centers for tourism and trade. Some notable projects include:

- The NEOM project spans an area of 26,500 square kilometers and includes advanced urban centers such as Oxagon, Sindalah, and Trojena, requiring extensive infrastructure development.

12. Euromonitor International, Economic and Consumer Data, 2024G

13. General Authority for Statistics. 2024G.

14. Ibid.

15. Euromonitor International, Economic and Consumer Data, 2024G.

16. Government of the Kingdom of Saudi Arabia. 2024. Government Budget.

17. Bloomberg. 2024G. Saudi Arabia Cuts Spending to Reform the Economy Amid Low Oil Prices.

18. General Authority for Statistics. 2023G

19. Construction Business News Magazine for construction news. By 2024G, construction in Saudi Arabia is expected to reach \$142 billion.

20. Ibid.

21. Ibid.

22. Ibid.

23. Ibid.

24. Big 5 Construct Saudi website. 2023G. Megaprojects in Saudi Arabia: 24 massive development projects underway.

- The Red Sea Project covers an area of 30,000 square kilometers and includes plans to create 8,000 luxury hotel rooms and sustainable facilities along a 200-kilometer coastline.
- The Diriyah Gate project combines cultural preservation efforts with urban development endeavors, aiming to reach 27 million visitors annually by 2030G.
- AlUla has transformed into a global tourism destination, encompassing large-scale eco-resorts and museums, contributing to job creation.
- The Amaala project covers an area of 3,800 square kilometers and focuses on luxury tourism, featuring 14 hotels and luxury marinas.
- Other mega-developments, such as Qiddiya, King Salman Park, King Salman Energy Park (SPARK), the New Square with its iconic cube, and the 1,000-meter-tall Jeddah Tower, reflect the massive construction efforts and their role in directly boosting demand for building materials across various sectors.

Major transportation projects, such as the Riyadh Metro and King Salman International Airport, have also contributed significantly to the boom in the construction sector in Saudi Arabia. The Riyadh Metro,²⁵ part of the 84.5 billion Saudi Riyals (US\$22.5 billion) King Abdulaziz Public Transport Project, opened in early December 2024G. The metro includes 176 kilometers of driverless electric train lines, with more than 40% of its tracks underground. King Salman International Airport²⁶ in Riyadh aims to become the world's largest airport, with a capacity of 120 million passengers annually by 2030G. Other major projects are also underway, including the expansion of King Khalid International Airport, the national railway network project, the Red Sea-Mediterranean railway corridor, and the Makkah public transport system.

The Kingdom's thriving tourism sector has ambitious goals aimed at increasing tourist numbers and contributing to the GDP, driving widespread infrastructure development and creating opportunities across various related sectors.

Tourism has recently become a pivotal contributor to the Saudi Arabian economy. Total domestic and international tourist spending exceeded SAR 255.6 billion (USD 68.2 billion) in 2023G, representing approximately 6.4% of the Kingdom's GDP.²⁷ This represents a significant increase compared to the 3.6% contribution in 2021G and the 5.2% share pre-pandemic in 2019G²⁸. This growth is in line with the significant increase in tourist numbers, which reached more than 109.3 million in 2023G, nearly 1.7 times higher than the pre-pandemic figure of 65.3 million in 2019G.²⁹ Under Saudi Vision 2030, the Kingdom aims to attract 150 million tourists annually, including 80 million domestic tourists, a target it has already exceeded in 2023G with 81.9 million visitors, indicating the potential for upward adjustments to the targets.³⁰ Regarding international tourists, the target is 70 million tourists annually by 2030G, a sharp increase from 27.4 million tourists in 2023G and 16.6 million tourists in 2022G.³¹ Accordingly, the Kingdom aims to raise the sector's contribution to GDP to 10.0% by 2030G, in addition to plans to create an additional one million jobs, based on the presence of approximately 600,000 jobs in the sector in 2023G³².

These ambitious goals underscore the need for significant infrastructure development, particularly transportation systems and megaprojects such as the Red Sea Project, Diriyah Gate, and AlUla. For example, the number of hotel rooms reached approximately 280,000 in 2023G and is expected to nearly double to between 500,000 and 550,000 by 2030G, according to the Saudi Ministry of Tourism.³³ Supporting sectors such as consumer food services and retail are also experiencing growth. The food service network achieved a compound annual growth rate of 5.8% starting in 2021G, reaching more than 29,500 outlets in 2023G, and is expected to grow 1.5 times by 2030G³⁴. Retail space, which exceeded 26 million square meters in 2023G, is expected to approach 30 million

25. News Atlas website. 2024G. Saudi Arabia to open the world's longest driverless transportation system.

26. CAPA Aviation Center website. 2024G. Saudi Arabia: Another mega airport in Riyadh is set to live up to its reputation.

27. Saudi Ministry of Tourism, Tourism Information, 2024G.

28. Ibid.

29. Ibid.

30. Saudi Ministry of Tourism, Tourism Information, 2024G.

31. Ibid.

32. Tourism Development Fund. 2024G. Tourism in the Kingdom of Saudi Arabia - Seventh Edition.

33. Argaam. 2024. Minister: Saudi Arabia has 280,000 hotel rooms in 2023G, and 250,000 hotel rooms are under construction.

34. Euromonitor International, Consumer Food Services in the Kingdom of Saudi Arabia, 2024G.

square meters by 2030G, with a significant focus on facilities such as shopping malls and small retail stores that go beyond their traditional local niche to attract more tourists³⁵.

These developments are expected to significantly boost demand for building materials, both for project-specific units and for regional infrastructure systems. Materials such as clay, concrete, and plastic pipes will play vital roles in supporting various areas, including water distribution, wastewater management, and other essential systems related to the Kingdom's expansion goals in tourism and infrastructure.

The industrial sector in Saudi Arabia has witnessed significant growth, with a focus on sustainability, leading to increased demand for high-quality, environmentally friendly building materials.

Saudi Arabia's industrial sector has also seen remarkable growth, with the number of factories increasing by 60.3%, jumping from 7,206 in 2016G, when the Kingdom first launched its economic diversification-focused Vision 2030, to 11,549 in 2023G.³⁶ Post-pandemic growth has also been particularly significant, with the number of factories increasing by 35.9% from 8,499 in 2021G.³⁷ In 2023 alone, 1,349 new industrial licenses were issued, attracting investments totaling more than SAR 82 billion (USD 21.8 billion)³⁸. Food products led the way with 244 licenses, followed by non-metallic minerals (176 licenses), metal castings (165), and rubber and plastics (123).³⁹ National institutions accounted for the majority of these licenses, with 1,043 licenses issued, compared to 194 for foreign investors and 142 for joint ventures. This highlights the success of the government's focus on encouraging local production and self-sufficiency.⁴⁰

The Saudi government's economic diversification efforts have placed the industrial sector at the forefront of the Kingdom's future, targeting a tripling of industrial GDP to SAR 895 billion (USD 238.3 billion) by 2030G, creating 2.1 million new jobs, and achieving industrial exports worth SAR 557 billion (USD 148.3 billion).⁴¹ To support these goals, the Kingdom has implemented the National Industrial Strategy, which aims to attract SAR 1.3 trillion⁴² (USD 346.7 billion) in additional investment in the industrial sector, increase exports of advanced technology products sixfold, and create tens of thousands of high-value, high-quality jobs. Sustainability is becoming increasingly important in the sector's development, with the government focusing on renewable energy, energy efficiency, and the promotion of advanced technologies. Saudi companies are adopting green manufacturing practices and adopting more advanced technologies to support sustainable growth.

A key aspect of these industrial developments is the development of vital infrastructure, including wastewater treatment and management facilities, water distribution systems, gas pipelines, electrical grids, and roads. These industries are among the largest consumers of materials such as clay, concrete, and plastic pipes, leading to increased demand for both quantity and quality. In addition to rising core sales, market dynamics are evolving, with a growing demand for high-quality, durable pipes, including environmentally friendly options such as recycled plastic and clay, along with the adoption of advanced polymer materials and innovative designs in the plastic and concrete pipe industry.

35. Euromonitor International, Retail in the Kingdom of Saudi Arabia, 2024G

36. Arab News. 2024G. Saudi Vision 2030 will boost industrial facilities by 60%, according to official figures.

37. Argaam 2024G. The number of factories in the Kingdom of Saudi Arabia will rise to 11,600 in 2023G

38. Ibid.

39. Ibid.

40. Ibid.

41. Saudi Ministry of Finance. 2024G. Budget Statement for the Fiscal Year 2024G.

42. Saudipedia. 2022G. National Industrial Strategy.

Table No. (14): Key Macroeconomic Indicators in the Kingdom of Saudi Arabia, 2021G-2030G «Expected»

Category	Unit	2021G	2022G	2023G	2030G «expected»	Compound Annual Growth Rate 2021G-2023G	Compound Annual Growth Rate 2023G-2030G «expected»
GDP	(Billion Saudi Riyals)	3,278.1	4,157.1	4,003.4	5,834.5	10.5%	5.5%
GDP Per Capita	Saudi Riyals	106,485.3	129,203.3	120,329.5	155,690.9	6.3%	3.7%
Non-oil Sector Percentage of GDP	%	48.3	42.2	47.5	-	-	-
Real GDP Growth	%	4.3	7.2	0.5	3.3	-	-
Government Debt-to-GDP Ratio	%	28.6	23.9	26.2	-	-	-
Government Spending	Billion Saudi Riyals	1,038.9	1,174.3	1,293.2	1,350.5	7.6%	0.5%
Government Spending on Infrastructure and Transportation	Billion Saudi Riyals	51.0	41.0	40.0	-	-11.4%	-
Inflation	%	3.1	2.5	2.3	2.0	-	-
Urbanization Rate	%	84.5	84.7	85.0	86.5	0.2%	0.2%
Gross Value Added from the Construction Sector	Billion Saudi Riyals	169.9	192.2	210.1	-	11.2%	-
Construction as a percentage of GDP	%	5.2	4.6	5.2	-	-	-
Gross value added from electricity, gas, and water	Billion Saudi Riyals	43.9	44.8	46.4	-	1.9%	-
Domestic tourists	million	63.8	77.8	81.9	-	13.3%	-
Inbound tourists	million	3.5	16.6	27.4	-	180.7%	-
Domestic tourism spending	Billion Saudi Riyals	102.2	107.3	114.4	-	5.8%	-

Source: Euromonitor International estimates based on data from the United Nations, World Bank, International Monetary Fund, General Authority for Statistics, Public Investment Fund, Ministry of Finance, and Ministry of Commerce.

3-2 Demographic Dynamics

Saudi Arabia benefits from a number of favorable demographic characteristics, particularly population growth, a young demographic, and a growing expatriate population.

The population of Saudi Arabia is expected to reach approximately 33.3 million in 2023G, representing 56.8% of the total GCC population, after registering a compound annual growth rate of 4.0% starting in 2021G⁴³. The Kingdom's youthful demographics are particularly prominent, with individuals under the age of 30 accounting for 48.7% of the population in 2023G, higher than the GCC average of 47.4%.⁴⁴ The working-age population (aged 15–64) also increased from 72.7% of the total population in 2021G to 73.4% in 2023G.⁴⁵ The population is expected to reach 37.5 million by 2030, achieving a compound annual growth rate of 1.7%, with the youth population declining slightly to 47.7% and the working-age population remaining stable at 73.2%.⁴⁶

43. Euromonitor International, Economic and Consumer Data, 2024G

44. Ibid.

45. Ibid.

46. Ibid.

Saudi nationals accounted for 58.8% of the total population in 2023G, while expatriates accounted for 41.2%, an increase from 40.3% in 2021G.⁴⁷ This growth in the expatriate population reflects the Kingdom's efforts to attract foreign direct investment, enhance private sector participation, and drive economic liberalization. Key initiatives, such as the Regional Headquarters Program, which requires international companies to establish regional headquarters within the Kingdom as a prerequisite for bidding for government projects, have played a key role in driving this trend.

The growth in the number of households in Saudi Arabia, particularly single-person households and smaller households, is driving increased demand for housing, commercial real estate development, and public infrastructure.

The number of households in Saudi Arabia is expected to exceed 9.5 million in 2023G, registering a compound annual growth rate (CAGR) of 7.8% from 2021G, significantly outpacing population growth.⁴⁸ This reflects a decline in the average household size, which declined from 3.8 in 2021G to 3.5 in 2023G.⁴⁹ One-person households have experienced particularly rapid growth, registering a CAGR of 8.9%, increasing their share from 16.0% to 16.4% during this period, outperforming the regional average for the Gulf Cooperation Council (GCC) countries.⁵⁰ The total number of households is expected to reach nearly 12 million by 2030, while the average household size is expected to shrink to 3.1, with one-person households accounting for 17.4% of the total number of households.⁵¹

Urban expansion continued to grow, with the Kingdom's urban population rising from 84.5% in 2021G to 85.0% in 2023G.⁵² This trend, coupled with internal migration to cities and a growing youth population entering the labor market, has increased demand for residential and commercial real estate development projects, including office buildings, manufacturing areas, retail spaces, food service outlets, and entertainment facilities. In parallel, public infrastructure, particularly utilities, has come under increasing pressure, attracting significant government focus, particularly under the government's Quality of Life Program. These trends are most evident in major cities, such as Riyadh, which is home to more than a fifth of the Kingdom's population, with a population of over 7.3 million and expected to exceed 8.5 million by 2030⁵³. Water and sanitation services are a key focus area for the Kingdom, which plans to invest approximately SAR 255.5 billion (US\$68 billion) in the coming years to restructure the water sector and implement its National Water Strategy.⁵⁴ The key objectives of this strategy include achieving universal and equitable access to safe and affordable drinking water for all citizens and increasing the percentage of the population covered by sanitation services to more than 95.0% by 2030 (expected)⁵⁵. All these developments are creating significant demand for construction materials such as clay, concrete, and plastic pipes.

Saudi Arabia's favorable demographics, combined with a strong economy and government efforts to create a positive employment environment, enhance the purchasing power of its citizens.

The unemployment rate among the working-age population declined from 6.1% in 2021G to 4.0% in 2023G, lower than the GCC regional average of 4.6%.⁵⁶ The unemployment rate among Saudi citizens also declined significantly, from 11.0% in 2021G to 7.8% in 2023G.⁵⁷ Women's participation in the labor market was particularly remarkable, reaching 34.5% in 2023G, already exceeding the Saudi Vision 2030 target of 30.0% and up from 23.3%⁵⁸ in 2016G, when Saudi Vision 2030 was launched.

These achievements highlight the government's efforts to diversify sources of income, focusing not only on expanding the scope of economic sectors but also on promoting inclusiveness by encouraging the participation of various stakeholders, particularly the private sector and small and medium-sized enterprises. In parallel, the government has launched several initiatives to promote job

47. Ibid.

48. Ibid.

49. Ibid.

50. Ibid.

51. Euromonitor International, Economic and Consumer Data, 2024G.

52. Ibid.

53. Ibid.

54. Saudi Infrastructure Expo 2023G. Saudi Arabia is on track to achieve the United Nations Sustainable Development Goals by 2030 by spending \$80 billion on water.

55. Ibid.

56. Euromonitor International, Economic and Consumer Data, 2024G.

57. Argaam 2024G. Unemployment rate in Saudi Arabia falls to 7.6% in the first quarter of 2024G.

58. World Bank, Gender Data Portal, Saudi Arabia, 2024G.

growth and workforce development. Programs such as the Human Resources Development Fund⁵⁹ and the Youth Training and Employment Program⁶⁰ focus on upgrading the skills of the Saudi national workforce through training, vocational education, targeted training courses, and employment assistance.

Women's empowerment has also received significant attention thanks to programs from the Ministry of Human Resources and Social Development, the Ministry of Finance, and others.⁶¹ These include leadership development initiatives such as the Women's Empowerment Diploma Program, and practical support services such as the «Qura» program, which provides childcare solutions for working women, and the «Wusool» program, which facilitates women's mobility.⁶²

Together, these programs have resulted in a significant shift in the Kingdom's employment landscape, leading to increased individual and household income. This increased income, in turn, has led to increased demand across various sectors, including spending on retail, housing, and other markets. These developments have thus contributed to an increased need for infrastructure to support growing economic activity.

Rising incomes, positive consumer confidence, and government support are driving demand for housing in Saudi Arabia, benefiting the construction industry and related sectors such as building materials.

Disposable income in the Kingdom recorded a compound annual growth rate of 7.4% between 2021G and 2023G, with per capita disposable income increasing by 3.3% from SAR 44,922.7 (USD 11,949.4) to SAR 47,930.2 (USD 12,781.4)⁶³. The middle-class segment also expanded, increasing from 2.4 million households in 2021G to 2.8 million households in 2023G⁶⁴. Household disposable income reached SAR 167,489.5 (USD 44,663.9) in 2023G⁶⁵.

Consumer confidence in Saudi Arabia is remarkably positive, with 95.0% of survey respondents believing the Kingdom is heading in the right direction, surpassing confidence levels in major economies such as China (91.0%) and India (78.0%).⁶⁶ The 2023G Euromonitor International Lifestyle Survey also highlighted strong spending intentions, with 32.9% of respondents planning to increase their spending on housing/accommodation in the future, surpassing the global average of 25.7%.⁶⁷ This positive sentiment, coupled with rising incomes, has led to increased spending across various categories, particularly on high-value items such as housing.

Government initiatives such as the Housing Program and the Sakani Program, launched in 2018G as part of Saudi Vision 2030, have played a pivotal role in supporting this increased spending by enhancing the affordability and accessibility of housing. The housing program aims to raise home ownership to 70.0% by 2030, up from 60.5% in 2018G.⁶⁸ The Sakani program also contributes to the provision of new housing stock, land distribution, and financing options.⁶⁹ The Saudi Central Bank also introduced mortgage reforms in 2018G, raising the maximum loan-to-value ratio for real estate financing from 85% to 90% and reducing the minimum down payment from 30% to 5%⁷⁰. These combined efforts have stimulated consumer spending on housing, which achieved a robust CAGR of 10.0% between 2021G and 2023G, reaching SAR 487,441.4 million (USD 129,984.4 million), amidst expectations of a CAGR of 5.5% from 2023G to 2030G, reaching SAR 711,066.5 million (USD 189,617.7 million).⁷¹

The decision⁷² to allow foreign ownership under certain conditions in 2021G has stimulated the housing market, including the real estate sector as a whole. Recent discussions regarding allowing foreigners and expatriates to own real estate in the holy cities

59. M Gheewala Global website. 2023G. Saudi Government Employment and Skills Development Initiatives: Opportunities for Job Seekers.

60. Ibid.

61. Saudi Ministry of Finance. 2023G. Women's Empowerment Initiative included in the Saudi annual budget.

62. Ministry of Human Resources and Social Development. 2024G. Women's Empowerment

63. Euromonitor International, Economic and Consumer Data, 2024G.

64. Ibid.

65. Ibid.

66. Arab News. 2024G. Consumer confidence in the Saudi economy is among the highest in the world Ipsos Core Consumer Confidence Index (PCSI) survey.

67. Euromonitor International, Lifestyles Survey, 2023G, 1,007 respondents.

68. Saudi Vision 2030. 2024G. Housing Program.

69. Saudi Vision 2030. 2024G. Sakani.

70. Arab News. 2024G. Real estate loans in Saudi Arabia reach \$226 billion, driven by retail and corporate demand.

71. Euromonitor International, Economic and Consumer Data, 2024G.

72. Arab News. 2023G. Senior official: A new law will soon allow foreigners to purchase all types of real estate in Saudi Arabia.

of Mecca and Medina are expected to further stimulate housing demand.⁷³ In parallel, the Saudi government has implemented reforms aimed at making the Kingdom more welcoming to expatriates, including a review of the sponsorship system as part of the Contractual Relationship Improvement Initiative⁷⁴. The key changes, which include eliminating the need for employer approval for expatriate travel and streamlining labor transfers between private sector employers, aim to attract more expatriates and thus expand the potential customer base for housing.⁷⁵ Combined with the Kingdom's population growth, this increased demand for housing benefits not only contractors and developers but also supporting sectors such as civil engineering, water supply, and wastewater management, which rely on materials such as clay, concrete, and plastic pipes.

Table No. (15): Main demographic indicators in the Kingdom of Saudi Arabia, 2021G – 2030G «expected»

Category	Unit	2021G	2022G	2023G	2030G «expected»	Compound Annual Growth Rate 2021G-2023G	Compound Annual Growth Rate 2023G-2030G «expected»
Total Population	Thousand	30,784.4	32,175.2	33,270.6	37,474.6	4.0%	1.7%
Saudi Population	Thousand	18,380.7	18,792.2	19,558.6	22,743.6	3.2%	2.2%
Non-Saudi Population	Thousand	12,403.7	13,383.0	13,712.0	14,731.0	5.1%	1.0%
Employed Population	Thousand	13,940.7	15,007.8	15,816.2	18,571.7	6.5%	2.3%
Unemployment	%	6.5	5.1	4.2	5.6	-	-
Disposable Income	Billion Saudi Riyals	1,382.9	1,483.1	1,594.7	2,216.7	7.4%	4.8%
Disposable Income Per Capita	Saudi Riyals	44,922.7	46,094.2	47,930.2	59,151.0	3.3%	3.1%
Consumer Expenditure	Billion Saudi Riyals	1,375.1	1,542.4	1,658.4	2,325.6	9.8%	4.9%
Consumer Expenditure Per Capita	Saudi Riyals	44,668.4	47,937.2	49,846.1	62,059.2	5.6%	3.2%
Consumer Expenditure on Housing	Billion Saudi Riyals	402.7	451.9	487.4	711.1	10.0%	5.5%
Number of Households	Thousand	8,196.6	8,916.3	9,521.0	11,959.4	7.8%	3.3%
Average Household Size	-	3.8	3.6	3.5	3.1	-0.4%	-1.7%

Source: Euromonitor International estimates based on data from the General Authority for Statistics and Euromonitor's Economies and Consumers database.

3-3 The Pipeline Sector in Saudi Arabia

3-3-1 Introduction to the Water Sector

The Kingdom's ongoing investment in harnessing water through desalination and purification ensures uninterrupted water supply to meet the Kingdom's ambitious expansion under Saudi Vision 2030.

Annual water demand reached 5,285.2 million cubic meters (MCM) in 2023G, meeting the needs of approximately 78.3% of the Kingdom's total population, according to the Ministry of Environment, Water and Agriculture.⁷⁶ Total urban water supply from all water sources (excluding water supply from and to dams) reached 3,578.94 mcm in the same year, with desalination plants providing

73. Ibid.

74. Global Business Outlook. 2023G. Expatriates: Key contributors to the transformation sought by Saudi Vision 2030G.

75. Ibid.

76. General Authority for Statistics. Environmental Statistics Bulletin 2023G.

an estimated 70.2% of the total supply, or an estimated 2,511.36 mcm in 2023G.⁷⁷ The Kingdom seeks to secure sufficient capacity to meet the growing demand for water, relying on more than 30 desalination plants currently operating and several more planned for 2030. As the home of the world's largest water transport network, the Kingdom currently has more than 127,525 km of water transport networks installed by 2022G.⁷⁸ Estimates indicate that daily production capacity will exceed 11 million cubic meters in 2023G, with more than 65% coming from plants operated by the Saudi Water Authority, and the remainder from private sector plants.⁷⁹ It is estimated that more than 19 million cubic meters of water flows through the existing water network daily.

The following are the main bodies regulating water production and transport:

- **Ministry of Environment, Water and Agriculture:** The Ministry of Environment, Water and Agriculture is the primary regulatory authority overseeing the water sector in the Kingdom of Saudi Arabia. It is the public body responsible for setting policies in this sector, such as the National Water Strategy. The Ministry's role also includes monitoring water abstraction and allocations to ensure the conservation of water resources, as well as initiating tenders for water projects in the areas of water production, storage, transportation, and infrastructure.
- **Saudi Water Authority:** The Saudi Water Authority (formerly known as the Saline Water Conversion Corporation) regulates the water sector and effectively enforces quality measures established by the Ministry of Environment, Water and Agriculture. The Saudi Water Authority monitors service providers and oversees maintenance and operations in the sector. It also ensures that services provided to households and the prices charged for them are up to standards.
- **Saudi Water Partnership Company:** The Saudi Water Partnership Company serves as the primary link between the public and private sectors in the Kingdom, undertaking tenders for public-private partnership projects. It is also responsible for tendering water projects across the Kingdom. The Saudi Water Partnership Company monitors performance, handles contracting with the private sector, and manages the allocation of public-private partnership projects in this sector, specifically in water production, transmission, and desalination.
- **Water Transmission Company:** The Water Transmission Company manages and maintains more than 8,400 kilometers of water transmission, distribution, and storage systems. It also supplies bulk water to service providers such as the National Water Company. It also awards tenders for various infrastructure projects involving water transmission throughout the Kingdom.
- **National Water Company:** The National Water Company is a government-owned company responsible for managing water distribution, wastewater treatment, and the operation of water networks in various urban centers in the Kingdom of Saudi Arabia. It primarily oversees the distribution of treated water to residential, commercial, and industrial customers, the maintenance and management of water transmission and distribution infrastructure, wastewater treatment and recycling, billing, metering services, and customer service related to water supply in the Kingdom.

Through the National Water Strategy, the government seeks to establish numerous public-private partnerships to implement various water-related projects, including the implementation of water pipeline infrastructure. In 2024G, the Saudi Water Partnership Company announced the completion of the evaluation phase of the Jubail 4 and Jubail 6 independent water plant projects. The plants are expected to have a production capacity of 600,000 cubic meters of potable water per day and will be operated by the private sector for 25 years.⁸⁰ The government-owned Saudi Water Partnership Company has also begun implementing 17 major projects across the Eastern Province of Saudi Arabia, with an investment value exceeding SAR 2.2 billion, by 2024G «**expected**».⁸¹

Wastewater management is also an important factor in the pipeline sector as part of the government's efforts to expand into non-oil sectors. The Kingdom collected 2,240.7 million cubic meters of wastewater and treated 2,217.7 million cubic meters of water in

77. Ibid.

78. Ibid.

79. Alwatanian in cooperation with the Saudi Water Authority (2024G). «**Anhar**» of the New Kingdom of Saudi Arabia.

80. Smart Water Magazine. (2024G). The Saudi Water Partnership Company announces the preferred bidder for the Jubail 4 and Jubail 6 projects.

81. National Water Company. (2024G). The National Water Company has begun implementing 17 projects in the Eastern Province with investments exceeding 2.2 billion Saudi Riyals.

2023G. The National Water Company has begun implementing sewage projects across the Kingdom. The National Water Company is also expanding the Al-Khobar wastewater treatment plant with investments exceeding SAR 849 million, as part of Saudi Vision 2030.⁸² The Company is also developing a sewage network project in Aziziya worth SAR 160 million, along with six wastewater management projects in Al-Ahsa Governorate with a total value exceeding SAR 496 million.⁸³ These projects include completing the sewage networks in Hofuf and Mubarraz, and constructing a lift station and drainage line in Hofuf to prevent environmental damage. These projects extend to Jubail, where sewage networks are being constructed, along with upgrading the existing lift station, at an estimated cost of SAR 255 million.⁸⁴ Work is also underway to expand the Khafji wastewater treatment plant to double its current capacity, in addition to other wastewater infrastructure projects, at a total cost of SAR 350 million.⁸⁵

3-4 The Pipe Sector in Saudi Arabia

The pipe sector in Saudi Arabia has witnessed steady growth, driven by rapid infrastructure development, growth in construction, and urban expansion, particularly within the framework of Saudi Vision 2030.

The pipe sector in Saudi Arabia has grown over the past few years, parallel to infrastructure growth and the corresponding increase in water demand. The Saudi economy is diversifying away from oil production and thereby increasing non-oil revenues. Saudi Vision 2030, the national plan for economic diversification, focuses on expanding non-oil sectors such as infrastructure, construction, urban expansion, and agriculture, which in turn boosts related sectors such as the pipe manufacturing sector.

Strategic investments and rapid infrastructure expansion across the Kingdom have led to increased demand for water pipelines across the country. The following are some of the major projects by region (but not limited to the following):

- **Northern Region:** NEOM, which includes The Line city, an industrial city, a port, and a mountain resort, the Red Sea Project, Amaala project, AlUla Development Project, and others.
- **Central Region:** Diriyah Gate, Qiddiya, the New Murabba, and Roshn projects, which focus on new community development, and are some of the new construction projects that require extensive water transport infrastructure.
- **Western Region:** Jeddah Central, King Abdullah Economic Cities, and Al Saadan Complex are some of the planned expansion projects in the Western Region.
- **Eastern Region:** This includes the Yanbu Shipyard Project and King Salman Energy Park, in addition to the planned expansion of new and existing industrial cities in Dammam.

This is in addition to the transport required from the new desalination plants planned by the Saudi Water Partnership Company, which are being implemented throughout the Kingdom to meet the growing water needs driven by the Kingdom's infrastructure.

The pipeline sector also benefits from the influx of tourists targeted by the Kingdom as part of the national strategy for economic diversification. The Kingdom aims to record a total of 150 million foreign and domestic visits by 2030G (expected), having previously achieved the target of exceeding 100 million tourists in 2023G.⁸⁶ Under Saudi Vision 2030, the Kingdom seeks to increase the sector's contribution to more than 10% of GDP.⁸⁷ Within this framework, Saudi Arabia is scheduled to host world-class events, such as Expo 2030 and the World Cup in 2034. Events of this caliber require extensive infrastructure to support the resulting significant increase in the number of tourists and visitors. For example, Qatar hosted the World Cup in 2022G, accelerating economic diversification in non-oil sectors, particularly in its infrastructure investment program that has been underway since 2011G. The pipeline sector falls within the scope of infrastructure related to the preparations and investments required to support the hosting of the World Cup, particularly in the areas of water transportation and management. Qatari stadiums required up to 10,000 liters of desalinated water per day for

82. Ibid.

83. Ibid.

84. Ibid.

85. Ibid.

86. Saudi Press Agency. (2024G). More than 100 million tourists will visit Saudi Arabia in 2023; the World Tourism Organization and the World Travel and Tourism Council commend the Kingdom's achievement.

87. Kingdom of Saudi Arabia. (2016G). Saudi Vision 2030.

each stadium.⁸⁸ Saudi Arabia also focused on the recreational and religious aspects of tourism. In terms of religious tourism, the Kingdom has invested in the renovation and expansion of the Two Holy Mosques in Mecca and Medina, aiming to attract 30 million pilgrims annually by 2030G.⁸⁹ The Kingdom's desert climate also necessitates adequate infrastructure to transport water to various sites to ensure a safe and comfortable experience for pilgrims and Umrah performers.

The pipe sector is supported by the growth witnessed by the residential and commercial construction sector, which in turn is driven by the high rate of urbanization and overall population growth in the Kingdom. The urbanization rate increased from 84.5% in 2021G to 85% in 2023G, and the total population of the Kingdom is expected to reach 37.5 million in 2030G, compared to 33.3 million in 2023G.⁹⁰ Saudi Arabia has already begun to support this growth through urban construction projects, along with several megaprojects. NEOM, for example, is expected to accommodate a total population of 10 million and 1.5 million by 2030G.⁹¹ The Al-Namaa Smart City project is expected to accommodate 44,000 people and provide 11,000 housing units.⁹² The Kingdom aims to meet 90% of its water needs through desalinated water, while the remaining 10% is met through groundwater and surface water.⁹³ It is noteworthy that the pipe sector keeps pace with these developments, as demand for various types of pipes for the wastewater management systems being developed increases, along with water management projects underway to meet the needs of thriving urban and residential areas.

The regulatory framework for the pipe sector in Saudi Arabia is primarily governed by the Saudi Standards, Metrology and Quality Organization (SASO). SASO has direct authority over the manufacturing of industrial and commercial products, which includes the manufacture of various types of pipes in the Kingdom. This regulatory body oversees the compliance of operating companies with established safety, quality, and environmental standards. Obtaining SASO certification is mandatory for pipe manufacturing companies, requiring ongoing site and facility inspections to ensure compliance with established standards, in addition to rigorous product testing in line with Saudi and international market standards. These certifications also require that all pipes bear appropriate labels containing the necessary technical information and the manufacturing source to ensure proper traceability and transparency.⁹⁴

Hydrostatic pressure testing is used to verify the quality and engineering of pipes and their ability to withstand a specified capacity of high-pressure water, as well as to detect any leaks. Impact resistance testing is also conducted to measure the pipes' ability to withstand high-frequency loading and the amount of energy they can absorb during impact, ensuring they can withstand installation and transportation. High-density polyethylene (HDPE) pipes undergo environmental stress and cracking resistance tests to maintain certain standards in high-temperature environments.

In addition to requirements related to material properties, compliance with the Saudi Standards, Metrology and Quality Organization (SASO) standards also includes compliance with international practices, such as those highlighted by the International Organization for Standardization (ISO). Concrete pipes, specifically the reinforced portion used in the construction of ducts and the conveyance of sewage, industrial waste, and rainwater⁹⁵, and the clay pipes are subjected to water absorption tests to ensure minimal water absorption, ensuring their long-term durability. Compressive strength tests are also performed to ensure their ability to withstand axial loads, and chemical resistance tests are performed to verify their ability to operate in sewage and harsh chemical environments.

Unplasticized polyvinyl chloride (UPVC) pipes are highly resistant to corrosion caused by harsh desert climates and chemicals often found in water supplies. Their cost-effectiveness and ease of installation contribute to its increasing use in water applications, along with its ability to withstand the harsh conditions of underground installation and use.

Glass-reinforced vinylester (GRP) pipes resist corrosion from both external and internal factors, ensuring long-term reliability. These pipes are robust and can withstand high pressures and temperatures, making them suitable for a variety of water distribution needs.

88. The Guardian. (2022G). 10,000 liters per day per stadium: Water scarcity in the Gulf and the World Cup in Qatar.

89. Kingdom of Saudi Arabia. (2016G). Saudi Vision 2030.

90. Euromonitor International. (2024G). Passport Database - Economics and Consumers Section.

91. Saudi Vision 2030. (2017G). NEOM.

92. Arabian Gulf Business Insight. (2022G). A carbon-neutral smart city in Riyadh to house 44,000 people.

93. Arab News. (2024G). The Kingdom of Saudi Arabia is leading the global boom in desalinated water production.

94. Saudi Standards, Metrology and Quality Organization (2019G). Technical Regulations for Building Materials.

95. Ibid.

The piping sector in Saudi Arabia comprises various categories, but is dominated by the use of clay, concrete, reinforced concrete, and plastic. Clay was introduced in the 1980s during the Kingdom's early expansion of sewage systems and gained popularity due to its durable, chemical-resistant nature, as well as its environmentally friendly properties. Concrete and reinforced concrete were also introduced during the Kingdom's early expansion and were primarily used in heavy and large-scale underground infrastructure, including sewage systems, as well as water and drainage infrastructure. Plastics were introduced to the Kingdom in the 1990s and have rapidly gained popularity in the last decade. Plastic pipe production technologies have been used to produce more versatile and lighter end products, which are the preferred choice in today's pipe market. Plastics are used in pipes for a wide range of applications, from industrial and underground infrastructure to urban and irrigation infrastructure.

3-4-1 Overview of the Clay, Concrete, and Plastic Pipes Sector in Saudi Arabia

3-4-1-1 Clay Pipes

Clay pipes are gradually being replaced despite their extensive historical use in infrastructure expansion projects in the Kingdom.

Clay pipes (vitrified clay pipes, or VCPs) are pipes made from a mixture of clay and shale that has been subjected to high temperatures through a vitrification process, producing a solid, non-reactive Vitrified Clay material. These pipes are commonly used in sewer networks, and their durable physical nature allows them to last for over 100 years and makes them highly resistant to chemicals, wastewater, and biodegradation. Because they are made from natural materials, the production of clay pipes has a minimal environmental impact, and their recyclability enhances their environmental benefits. In terms of construction, they provide a smooth interior, which reduces buildup and allows for efficient water movement.

Clay pipes are used in Saudi Arabia in sewer networks and wastewater management facilities due to their efficiency in highly acidic environments. Pipes in this sector represented approximately 75% of the total market size in 2023G, while fittings and accessories represented 25% of the total market size during the same year. Clay pipes have historically become popular in expanding existing sewerage infrastructure and wastewater management. The Kingdom has witnessed a boom in urban expansion, which has led to increased demand for sewerage systems, fueled by the expansion of major cities such as Riyadh, Jeddah, Makkah, and Dammam. Clay pipes have been adopted in numerous infrastructure projects in the Kingdom, such as the C-12 and C-13 sewerage networks in Riyadh, the Azizah Sewerage Network Project, the Qatif sewerage system, and other projects.⁹⁶

Table No. (16): Clay Pipe Market Size, 2021G-2030G «Expected»

Category	Unit	2021G	2022G	2023G	2030G «expected»	Compound Annual Growth Rate 2021G-2023G	Compound Annual Growth Rate 2023G-2030G «expected»
Clay Pipes and Accessories	Value (Million Saudi Riyals)	130.0	104.0	93.6	67.4	-10.4%	-2.4%
Clay Pipes	Value (Million Saudi Riyals)	97.5	78.0	70.2	50.5	-10.4%	-2.4%
Fittings and Accessories	Value (Million Saudi Riyals)	32.5	26.0	23.4	16.8	-10.4%	-2.4%

Source: Euromonitor International Company.

The use of clay pipes in the Kingdom has declined in recent years, with sales and applications of clay pipes declining at a compound annual rate of -10.4% during the period 2021G-2023G.⁹⁷ This is attributed to a sharp increase in demand for alternative materials such as high-density polyethylene (HDPE), polyvinyl chloride (PVC), and concrete. The decline in clay pipe use is due to the Kingdom's efforts to modernize its infrastructure, as evidenced by Saudi Vision 2030, which uses HDPE and PVC pipes, shrinking the clay pipe market. However, clay pipes remain the preferred choice for certain wastewater management applications due to

96. Saudi Vitrified Clay Pipe Company (SVCP). Project List

97. Euromonitor International. (2024G). Passport Database - Economics and Consumers.

their environmentally friendly nature, in line with the Kingdom's environmental conservation goals and resource management plans outlined in the National Economic Diversification Strategy. Although estimates indicate that sales revenues for clay pipes in Saudi Arabia will continue to decline over the forecast period of 2024G to 2030G, these pipes remain a viable option for sewage in residential and industrial areas and for stormwater drainage, depending on the region's climate. Clay pipes are also finding their way into the GCC and Europe as a popular product used in sewerage systems and drainage facilities due to their environmental friendliness. Therefore, the expected decline is not as severe as the historical period, showing a negative growth rate of -2.4%.⁹⁸

The clay pipe market is relatively concentrated between two major local manufacturers, due to their specific applications, significant capital investments in personnel and machinery, and long-standing players such as the Saudi Vitrified Clay Pipe Company (SVCP). SVCP relies on its long-standing presence, which contributes to the majority of overall market demand. Vitrified Clay Pipes Company has been the only other producer of clay pipes and their complementary accessories in the Kingdom since 2007G, with a current production capacity of 60,000 tons per year.⁹⁹ Al-Suwailem Clay Pipes Company, based in Egypt, operates in the Saudi Arabian clay pipe market in partnership with its exclusive agent, Tas Company. Al-Suwailem has participated in small clay pipe projects in Makkah, Riyadh, and the Sharurah sewerage project.

3-4-1-2 Concrete Pipes

Despite recent advances in piping solutions, the robust nature of concrete pipes maintains their value in the Saudi market and their use in various infrastructure applications.

Concrete pipes are made from a mixture of cement, aggregate, and water and reinforced with steel, making them extremely durable and capable of carrying heavy loads. Concrete pipes can last up to 100 years, and, similar to clay pipes, their use is largely focused on the water and wastewater sectors. The materials used in the manufacture of concrete pipes, particularly reinforced concrete pipes, are characterized by their inherent compressive strength, durability, and corrosion resistance, making them suitable for above- and below-ground applications under a variety of load conditions. Applications of concrete pipes include, but are not limited to, stormwater drainage, ducts, underground retention and retention systems, sewage ducts, and water pipes.

Concrete pipes and their fittings are commonly used in Saudi Arabia for road intersections and infrastructure requiring heavy load capacity, as well as for irrigation. With the expansion of infrastructure in the late 20th century, concrete pipes became widely used in large industrial areas and heavy infrastructure. In addition to concrete pipes, concrete uses include manholes and culverts. Manholes are structures that allow access to underground infrastructure such as sewers, drainage systems, and others, primarily for maintenance purposes, requiring materials capable of accommodating heavy loads. Ducts, which also require heavy-duty capacity for water drainage, are manufactured to complement transportation infrastructure such as roads and railways.

Table No. (17): Concrete Pipe Market Size, 2021G-2030G «expected»

Category	Unit	2021G	2022G	2023G	2030G «expected»	Compound Annual Growth Rate 2021G-2023G	Compound Annual Growth Rate 2023G-2030G «expected»
Concrete Products (Pipes, Manholes, Ducts)	Value (Million Saudi Riyals)	585.8	619.9	656.0	954.3	3.8%	4.7%
Concrete Pipes	Value (Million Saudi Riyals)	234.3	243.2	252.0	303.3	2.5%	2.2%
Manholes	Value (Million Saudi Riyals)	222.6	236.8	252.6	389.3	4.3%	5.3%
Channels (Ducts)	Value (Million Saudi Riyals)	128.9	139.9	151.4	261.6	5.5%	7.2%

Source: Euromonitor International Company.

98. Ibid.

99. Saudi Muqawalt. About the contractor (Clay Pipes Company).

<https://sa.muqawlat.com/en/club/contractors/view/1856>

Despite the emergence of modern piping solutions amidst the development of the economic diversification plan, the use of concrete pipes remains strong due to their material and ability to withstand heavy infrastructure. Total revenue from the sale of concrete products in the piping sector (including pipes, manholes, and ducts) increased at a CAGR of 3.8% from 2021G to 2023G, and this upward trend is expected to continue during the period 2024G to 2030G, recording a CAGR of 4.7%.¹⁰⁰ The use of concrete pipes in ducts has witnessed the highest growth rate compared to other application types, achieving a CAGR of 5.5% over the historical period. This sector is expected to remain the fastest growing during the forecast period, with a CAGR of approximately 7.2%, in conjunction with the rapid expansion of transportation infrastructure, including roads and railways, across the Kingdom.¹⁰¹

The installation of concrete pipes is a major challenge, as it requires considerable time due to their heavy weight. This gives concrete pipes their strong and durable properties. For example, the difference in installation costs makes HDPE pipes more cost-effective than concrete pipes, making them a more attractive option for less demanding applications. The difficulty of installing concrete pipes also increases labor costs compared to HDPE pipes, creating a 5.88% gap in operating and maintenance costs between the two types.¹⁰²

Unlike clay pipes, the concrete pipe market in Saudi Arabia has several companies operating in this field, most notably Al-Jazirah Concrete Products Development Factory (JEDCO). However, it is estimated that the top 3 companies contribute the vast majority of the total concrete pipes and fittings used in water applications.

- JEDCO was founded in 2009G, and has a long history of manufacturing concrete pipes and fittings, particularly for infrastructure projects, including reinforced concrete pipes, prefabricated manholes, square channels, and more. Since its inception, JEDCO has participated in more than 2,000 projects and has manufactured various concrete products for numerous Saudi Vision 2030 projects, such as the Red Sea Project, NEOM, AlUla, SPARK, and Qiddiya.
- Tariq Nagadi Factories Group, founded in 1977G, is another prominent company primarily engaged in the manufacture of reinforced concrete and glass-reinforced plastic (GRP) in Saudi Arabia and the GCC. It operates production units covering 500,000 square meters across the Kingdom, distributed between Riyadh, Yanbu, and Tabuk. The Tariq Nagadi Factories Group manufactures lined and unlined reinforced concrete pipes used in micro tunnels, open trenches, square channels, manholes, and stormwater drainage. The Company is also expanding its operations, adding an additional 160,000 square meters through the Group's Al Kharj Industrial Complex in the Raffae' Industrial Area, to expand its product range to include high-density polyethylene (HDPE) pipes and enter the textile products sector.
- Al Bilad Concrete Pipes Company is another established concrete producer in the Kingdom. Its production range includes reinforced concrete pipes, manhole fittings, elbows, fittings, and other products used in sewage, rainwater, drainage, and irrigation systems. Manhole manufacturing is Al Bilad's most established product category, accounting for more than half of its output in Saudi Arabia. Like other companies in the market, Al Bilad has expanded to cover HDPE through its Al Bilad Polyethylene and Polypropylene Pipes Factory in the new industrial city of Riyadh.

3-4-1-3 Plastic Pipes (High-Density Polyethylene Pipes)

The maneuverability and installation efficiency of high-density polyethylene (HDPE) pipes are accelerating their adoption in Saudi Arabia, in line with the strategic objectives of Saudi Vision 2030.

High-density polyethylene (HDPE) plastic pipes are manufactured through a process known as extrusion, where the material is heated to a semi-molten state and then forced through a mold to form a pipe. HDPE pipes are characterized by their robust nature, allowing them to withstand high temperatures, as well as sunlight and chemicals. They are also flexible and easy to handle, allowing for maneuverability during installation. HDPE pipes differ from other types of pipes in their time-saving nature, as several kilometers of them can be installed per day. They are multi-purpose pipes with a diverse range of uses in various fields, such as water supply distribution, sewerage networks, irrigation works, industrial piping networks, and chemical transportation.

100. Euromonitor International. (2024G). Passport Database - Economics and Consumers.

101. Ibid.

102. Garcia, Kevin, Ebyan, Gio, Malla, Emmanuel, Illustrisimo, Harold Lloyd, Dela Cruz, Aurelian, and Ermita, Philip (2024G). A Value-Added Analysis of High-Density Polyethylene (HDPE) Pipes as an Alternative to Conventional Reinforced Concrete Pipes.

HDPE pipes are rapidly becoming popular in various piping applications in Saudi Arabia. Saudi Vision 2030 has contributed to the popularity of high-density polyethylene (HDPE) pipes, thanks to their properties that align with the plan's strategies. The Kingdom has made strenuous efforts to develop sustainable infrastructure and adopt sustainable practices to preserve its natural resources, particularly its scarce water reserves. HDPE pipes are recyclable, efficient in terms of use, cost, and time, and have a long service life, which aligns with the Kingdom's environmental goals. It is worth noting that new infrastructure being implemented in megaprojects such as NEOM, Qiddiya, and the Red Sea Project rely on HDPE pipes for construction. The Kingdom also needs to transport and manage water on a large scale due to its desert climate, a process that increasingly requires the use of HDPE pipes, allowing for the creation of longer and more complex piping systems.

A sewage infrastructure expansion project has also been planned for the Al-Munisiyah district of Riyadh, which includes the construction and extension of 18.5 kilometers of high-density polyethylene sewage pipes with diameters ranging from 200 mm to 500 mm.¹⁰³

Table No. (18): Plastic Pipes Market Size (Ribbed and Spiral), 2021G-2030G «Expected»

Category	Unit	2021G	2022G	2023G	2030G «expected»	Compound Annual Growth Rate 2021G-2023G	Compound Annual Growth Rate 2023G-2030G «expected»
HDPE Pipes and Accessories	Value (Million Saudi Riyals)	120.0	136.8	152.0	368.7	8.2%	11.7%
HDPE Pipes	Value (Million Saudi Riyals)	84.0	95.8	106.4	258.1	8.2%	11.7%
Fittings and Accessories	Value (Million Saudi Riyals)	36.0	41.0	45.6	110.6	8.2%	11.7%

Source: Euromonitor International Company.

Overall, HDPE pipes recorded the highest growth share among other pipe applications, including clay and concrete pipes. Corrugated and spiral pipes accounted for approximately 70% of this category, while fittings and accessories accounted for the remaining 30%. HDPE pipes achieved a CAGR of 8.2% during the review period from 2021G to 2023G, with this growth remaining steady in pipe sales revenues as well as those from complementary fittings and accessories.¹⁰⁴ The HDPE pipe market is expected to continue growing, with sales revenues projected to maintain a positive trajectory and register a CAGR of approximately 11.7% during the forecast period from 2024G to 2030G.¹⁰⁵

Al Waseel Industrial Company is considered one of the leading companies in the high-density polyethylene (HDPE) pipe sector in the Kingdom. Originally established in 1979G under the name of Al Waseel Agricultural Company to manufacture polyethylene pipes used in irrigation, it was renamed in 1990G and later converted into a joint stock company in 2012G. The Company operates through 25 local branches and 4 international branches in the United Arab Emirates and Egypt. It produces plastic pipes, fittings, and accessories used in irrigation systems, drinking water, wastewater, sewage, gas, electrical conduits, and telecommunication ducts. Al Waseel also owns the Saudi Rubber Products Factory to support its production by manufacturing rubber gaskets and joint seals. The Company operates across a total area of 125,000 square meters distributed over 5 manufacturing sites in Saudi Arabia. Some of its key projects include the Ma'aden Phosphate Project in Umm Wu'al, NEOM, and providing pumping services to the National Water Company, among others. Al Munif Pipes Company is active in the Saudi high-density polyethylene (HDPE) pipe market, with its factories in Riyadh producing HDPE pipes with diameters ranging from 10 mm to 1,600 mm. Its production ranges from high-density polyethylene (HDPE) pipes and fittings to glass-reinforced plastic (GRP), chlorinated polyvinyl chloride (CPVC), and unplasticized polyvinyl chloride (UPVC) pipes and fittings, as well as GRP tanks and manholes. The National Marketing Corporation Limited (NMC), a leading player in the HDPE pipe sector, is a building materials services company specializing in the supply of building materials to customers across the Kingdom, including HDPE pipes and others. Some of its projects include King Abdulaziz Airport, Riyadh Airport, SABIC's residential project, and the Hail water network, among others.

103. Zawiya. (2024G). The Saudi National Water Company intends to award the Riyadh sewage network expansion project in the first quarter of 2025G.

104. Euromonitor International. (2024G). Passport Database - Economics and Consumers.

105. Ibid.

3-5 Company's Position in the Market

3-5-1 Overview of the Saudi Vitrified Clay Pipe Company

SVCP has transformed from a local producer of vitrified clay pipes into a global player, actively expanding its product portfolio and strengthening its market presence both locally and internationally.

The Saudi Vitrified Clay Pipe Company (SVCP) was established in 1977G in Riyadh and specialized in the production and distribution of vitrified clay pipes, fittings, and accessories used primarily in sewage and rainwater drainage systems. Launched with an annual production capacity of 24,000 tons, the Company has grown to become one of the largest producers in the world, with a total annual production capacity of 200,000 tons. Saudi Arabia is its primary market, where the Company has worked with numerous contractors on various projects for government agencies such as the National Water Company and the Ministry of Health, including major infrastructure projects such as the West Dammam Project, Jubail Development, Riyadh Housing, and the Makkah Sewerage Network.¹⁰⁶ Over the years, the Company has expanded internationally, initially focusing on the GCC and MENA regions before expanding its operations westward to European markets and Russia, and eastward to the Far East, including Brunei and Hong Kong.

The Company currently dominates the Saudi Arabian clay pipe market with a significant 73% market share, relying on its strategic partnerships and factory production capacity, which distinguishes it from its closest competitors. Its broad customer base, spanning various sectors, both locally and internationally, reinforces its leadership position in this field. Furthermore, the Company's specialization in the production of clay pipes and its dedicated resources to producing these pipes and their complementary accessories enhances its capabilities in this field, compared to other pipe manufacturers in the clay pipe market, which primarily specialize in other pipe categories. The Company's product portfolio is comprehensive and diverse, including clay pipes for sewage and rainwater systems, vitrified clay pipes, and a variety of fittings and accessories, such as elbows and splitters, flexible fittings and coupling rings, perforated pipes, semicircular ducts, shearing machines, and more. The Company's recent diversification efforts have seen it expand beyond clay pipes to offer new products such as concrete pipes and plastic pipes (HDPE pipes), further expanding its product range. The Company also provides technical support during the design and implementation phases, providing expertise in pipe types, sizes, and installation. It is noteworthy that the Company is accredited by several quality accreditation bodies, such as the Saudi Quality Mark (SASO) Certification, the German NRW Materials Testing Institute (MPA), the International Quality Management System (ISO 9001:2015), and the Green Certificate, ensuring its compliance with international standards.

The Company cooperates with a variety of major contracting companies. Internationally, its list of prominent clients includes companies in Belgium, China, Qatar, Yemen, Kuwait, Germany, Singapore, Brunei, and Egypt, among others.

The Company has made several strategic acquisitions as part of its efforts to strengthen its market position and diversify its product offerings. In February 2024G, the Company acquired 100% of the shares of the Saudi Land Factory for Cement Products (SLF) with the aim of strengthening its capabilities in the manufacture of concrete pipes, concrete manholes, and box culverts. This acquisition comes to address the growing demand for concrete pipes driven by the booming construction sector in the Kingdom of Saudi Arabia. In August 2024G, it signed a contract with the Saudi Land Cement Products Company. The Company signed a partnership agreement with Doha Concrete Blocks Factory Establishment (a Qatari company) to acquire a 45% stake in the Saudi Land Factory for Cement Products (SLF).

In June 2024G, the Saudi Vitrified Clay Pipe Company established Laffan Pipes Company and signed a partnership agreement in August 2024G with Laffan Pipes Factory Company (a Qatari company) to become part of Laffan Pipes Company with a 45% stake. This agreement aims to support the production of high-density polyethylene (HDPE) pipes by transferring machinery to Laffan Pipes Company's facilities in Al Kharj, Saudi Arabia. This project supports the Company's strategy to meet the growing demand for HDPE pipes in the Kingdom and the Gulf Cooperation Council (GCC) countries and reduce dependence on imports.

¹⁰⁶. Information proprietary to the Saudi Vitrified Clay Pipe Company provided to Euromonitor International.

SVCP's competitive advantage lies in:

- **Product diversification:** Expanding its product portfolio to include concrete pipes and HDPE pipes, leveraging its strong reputation for its core Vitrified Clay products to meet the diverse and growing needs for pipe products in the Kingdom, particularly as HDPE pipes are experiencing relatively strong growth compared to clay pipes.
- **Customer-centric approach:** Providing technical support, setting fixed prices, and efficiently executing projects to ensure customer satisfaction.
- **Market leadership:** Maintaining its prominent position in Saudi Arabia based on its high-quality products, certifications, and established customer network.
- **Global expansion:** Strengthening its presence in international markets by adhering to the highest technical standards and production quality, which enhances its ability to compete in global markets.

While the Saudi Vitrified Clay Pipe Company began its operations in the field of vitrified clay pipes, it has expanded to include the production of concrete pipes and is currently working on commencing production in the field of plastic pipes, with the plant scheduled to begin operating in the fourth quarter of 2025G. The Company's multiple strategic partnerships in the pipe sector, along with its large customer base, provide an opportunity to expand its production range in line with pipe market trends in Saudi Arabia. Over the course of its history, the Company has managed a successful track record of projects, such as the Riyadh Water and Sewerage Project and the Taif Sewerage Project, gaining a strong reputation that qualifies it to undertake any projects it may undertake in other categories of the pipe sector. In light of Saudi Vision 2030 and its ambitious plans to diversify the economy and implement major national projects, the Company presents unique opportunities to strengthen its presence in the field of concrete and plastic pipes. Mega-projects such as NEOM, Qiddiya, and the Red Sea Project require advanced infrastructure solutions, which opens up vast prospects for business growth and expand its contribution to these vital sectors.



04

**Company
Background and
Nature of Its Business**

4- Company Background and Nature of Its Business

4-1 Company Background

Saudi Vitrified Clay Pipe Company (hereinafter referred to as the «Company» or «Issuer») is a Saudi joint stock company established pursuant to the Articles of Association signed on 29/12/1397H (corresponding to 10/12/1977G) and under Commercial Registration No. (1010014993) issued in the city of Riyadh on 08/03/1398H (corresponding to 16/02/1978G). The Company's capital upon its incorporation amounted to (20,000,000) twenty million Saudi Riyals. The Company was then transformed from a limited liability company into a Saudi joint stock company pursuant to Ministerial Resolution No. 3849 dated 12/11/1427H (corresponding to 22/11/2006G). The Company's shares were listed on the Saudi Stock Exchange (Tadawul) on 09/05/1428H (corresponding to 26/05/2007G).

The current capital of the Company is (150,000,000) one hundred and fifty million Saudi Riyals, divided into (15,000,000) fifteen million ordinary shares with a nominal value of (10) ten Saudi Riyals per share, all of which are fully paid.

The Company's headquarters is located in Riyadh at the following address:

Saudi Vitrified Clay Pipe Company

Riyadh, Salah al-Din al-Ayyubi Road

P.O. Box 2305, Riyadh 12812

Riyadh, Kingdom of Saudi Arabia

Tel: +966 (11) 4769192

Fax: +966 (11) 4782458

Website: www.svcp-sa.com

Email: svcp@svcp-sa.com

As of the date of this Prospectus, there are no Substantial Shareholders in the Company who own 5% or more of its capital.

4-2 Overview of the Business

The Company is a leading manufacturer of pipes and fittings in the Kingdom of Saudi Arabia, operating through three main segments to ensure it meets the needs of the local and international market with the highest quality standards. These segments are: clay pipes, concrete pipes, and plastic pipes.

The Company specializes in the production of vitrified clay pipes and fittings, such as elbows and splitters, as well as a variety of other products ranging in diameters from 100 mm to 1200 mm. These pipes are primarily used in sewage and rainwater drainage systems, due to their durability and corrosion resistance. The Company sells these pipes widely both within the Kingdom and abroad, strengthening its market position. The Company is committed to providing its products quickly and promptly, ensuring that various project needs are met at all times. This contributes to the success of major infrastructure and public utilities projects.

The Company's activities, according to its Commercial registration, include operating quarries and manufacturing pipes.

The Company also owns two subsidiaries: Saudi Land Factory for Cement Products (SLF), which specializes in the production of concrete pipes, and Laffan Pipes Company, which specializes in the production of plastic pipes. Through these subsidiaries, the Company continues to enhance its competitiveness and expand its production portfolio in local and regional markets.

4-3 Business History and Major Developments in Capital Structure

The Company was established as a limited liability Company under the Articles of Association notarized on 29/12/1397H (corresponding to 01/12/1977G) with Commercial Registration number (1010014993) issued in the city of Riyadh on 08/03/1398H (corresponding to 16/02/1978G). The Company's capital upon its establishment amounted to (20,000,000) twenty million Saudi Riyals.

The Company was subsequently transformed from a limited liability Company into a Saudi joint stock Company pursuant to Ministerial Resolution No. 3849 dated 12/11/1427H (corresponding to 22/11/2006G). The Company's shares were listed on the Saudi Stock Exchange (Tadawul) on 09/05/1428H (corresponding to 26/05/2007G). The Company's capital upon listing amounted to (150,000,000) one hundred and fifty million Saudi Riyals.

At present, the Company's capital is (150,000,000) one hundred and fifty million Saudi Riyals, divided into (15,000,000) fifteen million ordinary shares with a nominal value of (10) ten Saudi Riyals per share, all of which are fully paid.

4-4 Company's Substantial Shareholders

As of the date of this Prospectus, there are no Substantial Shareholders in the Company who own 5% or more of its capital.

4-5 Vision, Mission and Strategy

4-5-1 Vision

To become the leading reference in the production of vitrified clay pipes, concrete pipes, and plastic pipes, providing sustainable solutions for sewage and rainwater systems while ensuring the highest quality standards to meet customer needs and global quality requirements.

4-5-2 Mission

The Company seeks to provide integrated and sustainable infrastructure solutions by manufacturing clay pipes, concrete pipes, and plastic pipes according to the highest quality standards, meeting the needs of its customers both locally and internationally. This is achieved through continuous innovation, expanding production, and enhancing operational efficiency, contributing to its vision of becoming the leading reference in this field.

4-5-3 Strategy

The Company seeks to become a leading manufacturer of vitrified clay pipes and fittings, as well as cement pipes, cement box culverts, cement manholes, and plastic pipes (HDPE pipes) and fittings, both in the local and international markets. Through continuous production expansion and continuous process development, the Company aims to efficiently meet the needs of various projects in the sewage, stormwater, and rainwater drainage segments, with a focus on quality and innovation.

Strategic Objectives:

1- Increasing production capacity and expansion:

- Expand the production of plastic and concrete pipes, in addition to clay pipes, to meet the needs of large projects.

2- Product Innovation:

- Develop and improve existing products to comply with the latest international specifications.
- Continuous research to develop new products for plastic and cement pipes and improve the performance of clay pipes.

3- Expanding into international markets:

- Strengthening the Company's presence in new markets outside the Kingdom of Saudi Arabia, particularly in the Middle East, Europe, Africa, and Asia.
- Reinforcing business relationships with strategic partners and expanding the distribution network to ensure access to new markets.

4- Continuous improvement in quality:

- Commitment to applying the best international quality standards throughout all stages of production, starting with the procurement of raw materials.
- Ensuring high quality standards are met for all types of pipes (clay, plastic, and concrete).
- In this context, the Company has obtained several accredited certificates that reflect its ongoing commitment to quality, most notably: the International Quality Management System Certification (ISO 9001:2015), the German Materials Testing Institute (MPA NRW), the European and Belgian Conformity Certificate (BENOR), the Saudi Quality Mark Certificate (SASO), the Certificate of Product Conformity to Saudi Standards, and the Green Certificate.

5- Enhancing the efficiency of logistics operations:

- Improving supply operations and continuously updating the supplier network.
- Enhancing the land carrier network to include all types of pipes produced by the Company, covering all regions of the Kingdom and surrounding countries.
- Periodically updating the current (sea) shipping broker network to cover all countries with which the Company deals.

6- Customer Focus:

- Providing customized solutions to suit customer needs with guaranteed after-sales service.
- Providing full technical support to customers throughout all phases of their project implementation.

7- Upgrading production lines:

- Investing in modern production technologies, such as the integrated head machine for high-density polyethylene (HDPE) pipes.
- Adding new production lines to meet the demand for HDPE pipes and concrete box culverts.
- Integrating modern production technologies into plastic and concrete pipe factories to increase efficiency and product quality.

8- Human resources and capacity development:

- Investing in employee training on the latest production technologies and industrial practices.
- Implementing programs to develop leadership and management skills within the Company to ensure operational efficiency and future expansion.
- Creating a work environment that encourages creativity and enhances employee well-being.

Through this strategy, the Company aims to strengthen its position as a leading provider of sewage, stormwater, and rainwater drainage pipes in local and global markets. It also aims to consolidate the Company's to meet the growing infrastructure and drainage requirements of the Kingdom's Vision 2030, ensuring it maintains a distinguished position in the pipe industry of various types (clay, plastic, and concrete).

4-6 Strengths and Competitive Advantages

1- Product Diversity:

The Company has recently expanded into new industries by producing a variety of pipes and fittings, including vitrified clay pipes, concrete pipes, and plastic pipes. This product diversity enhances the Company's ability to meet the needs of numerous infrastructure projects, such as sewerage networks, stormwater drainage networks, and other facilities. This enhances its ability to compete in multiple markets, both locally and internationally.

2- Extensive Industry Experience:

The Company has over 40 years of experience in the pipe industry, giving it a unique ability to provide advanced, high-quality technical solutions, flexibly meet market needs, and ensure efficient and professional project execution.

3- Extensive customer network:

The Company has a large local and international customer network spanning countries in the Middle East, Europe, and Asia. This network enables it to access new markets and increase its market share, strengthening its position in the pipe manufacturing sector.

4- Commitment to high quality:

The Company is committed to apply the highest quality standards in all stages of production, that are accredited by multiple quality certificates such as ISO and other international quality certificates, which ensures the provision of reliable and safe products to customers.

5- Ability to meet the needs of large projects:

Thanks to its diverse product range and high production efficiency, the Company enjoys the ability to meet the needs of large projects requiring special specifications, setting it apart from many competitors in the market.

6- Trained and Talented Human Resources:

The Company trains its employees on the latest production technologies and industrial practices, enhancing their efficiency and increasing their capacity for innovation. This helps raise overall performance and ensures achievement of its goals and prospects.

4-7 Summary of Material Developments

The following table summarizes the most important developments since the Company's Incorporation:

Table No.(19): Summary of Material Developments

Year	Event
1977G	Saudi Vitrified Clay Pipe Company was established as a limited liability Company with a capital of (20,000,000) twenty million Saudi Riyals.
1977G	The first factory was established with a production capacity of (24,000) tons per year.
1981G	The Company managed to obtain the rights to exploit a quarry in the Al-Kharj region.
1981G	The Company's capital was increased from (20,000,000) twenty million Saudi Riyals to (24,000,000) twenty-four million Saudi Riyals.
1982G	The Company's capital was increased from (24,000,000) twenty four million Saudi Riyals to (36,000,000) thirty- six million Saudi Riyals.
1983G	The production capacity of the first factory was increased to (45,000) tons per year.
1983G	The Company began export and distribution operations outside the Kingdom.
1988G	The Company was able to obtain the rights to exploit a quarry in the Dhurma area.
1991G	The Company's capital was reduced from (36,000,000) thirty-six million Saudi Riyals to (30,000,000) thirty million Saudi Riyals.
1994G	The Company's capital was increased from (30,000,000) thirty million Saudi Riyals to (40,000,000) forty million Saudi Riyals.
1998G	The Company has obtained the ISO 9001 international quality certification for its quality management system.

Year	Event
2002G	The Company has also obtained the MPA NRW certification, which certifies that products comply with the European standards.
2003G	The production capacity of the first plant has been increased to (100,000) tons per year.
2006G	The Company was transformed into a closed joint-stock company.
2006G	The Company's capital was increased from (40,000,000) forty million Saudi Riyals to (150,000,000) one hundred and fifty million Saudi Riyals.
2007G	The Company's shares were listed on the main market (TASI).
2009G	A second factory was established with a production capacity of (70,000) tons per year.
2009G	The production capacity of the second factory was increased to (100,000) tons per year.
2022G	The Company obtained the BENOR certification, which certifies that products comply with Belgian specifications.
2022G	The Company obtained the Saudi Quality Mark (SASO) certification, which certifies that products comply with Saudi specifications.
2024G	The subsidiary, Saudi Land Factory for Cement Products (SLF), was acquired with 100% ownership.
2024G	The Company signed a partnership agreement with Doha Concrete Blocks Factory Establishment to become a partner in Saudi Land Factory for Cement Products (SLF) with a 45% stake.
2024G	Laffan Pipes Company (a subsidiary) was established.
2024G	The Company signed a partnership agreement with Laffan Qatar Pipes Company to become a partner in Laffan Pipes Company with a 45% stake.
2025G	The Company began construction on the Laffan Pipes factory.
2025G	The Company sold the assets of its second factory, located in the Second Industrial City in Riyadh, and relinquished the lease on the land on which the factory was built.

Source: The Saudi Vitrified Clay Pipe Company.

4-8 Company Main Activities

The Saudi Vitrified Clay Pipe Company's primary activity is the manufacture of pipes and fittings used in water and sewage networks. It operates through three specialized industrial sectors, meeting the needs of local and international markets according to the highest quality standards. These segments include: the Clay Pipes Segment, the Concrete Pipes Segment, and the Plastic Pipes Segment.

According to its commercial register, the Company's activities include quarry operation and pipe manufacturing.

The Company's activities, according to its Articles of Association, are as follows:

- 1- Quarrying for the extraction of stones, sand, and clay.
- 2- Other mining and quarrying activities not elsewhere classified.
- 3- Manufacture of glass and glass products.
- 4- Manufacture of construction clay products.
- 5- Manufacture of various types of concrete, cement, and plaster.
- 6- Manufacture of other non-metallic mineral products not elsewhere classified.
- 7- Manufacture of construction metal products.
- 8- Sanitation.

- 9- Construction of utility projects.
- 10- Wholesale of machinery and other equipment.
- 11- Other types of retail sale in non-specialized stores.
- 12- Retail sale of other new goods in specialized stores.
- 13- Pipeline transportation.

The Company operates in accordance with applicable regulations and after obtaining the necessary licenses from the relevant authorities, if any.

4-9 Subsidiaries

Saudi Vitrified Clay Pipe Company has two wholly-owned subsidiaries as shown in the following figure:

Figure No. (1): Ownership structure of Subsidiaries



4-9-1 Saudi Land Factory for Cement Products (SLF)

Saudi Land Factory for Cement Products (SLF) is a limited liability company established on 27/12/1435H (corresponding to 21/10/2014G), under commercial registration number (1011022606). Saudi Vitrified Clay Pipe Company acquired Saudi Land Factory for Cement Products (SLF) on 25/07/1445H (corresponding to 06/02/2024G) at a rate of 100%, and its capital is (14,700,000) fourteen million and seven hundred thousand Saudi Riyals, divided into (1,000) thousand shares of equal value, the value of each share is (14,700) fourteen thousand and seven hundred Saudi Riyals. The Company's headquarters is located in the industrial city of Al-Kharj, and its activities include: manufacturing concrete pipes, concrete manholes and box culverts.

On 07/02/1446H (corresponding to 11/08/2024G), an agreement was concluded between Saudi Vitrified Clay Pipe Company and Doha Concrete Blocks Factory Establishment, a Qatari sole proprietorship registered in accordance with the provisions of Qatari laws under Commercial Registration No. (31458) dated 03/10/2005G, and located in the Industrial Area of the State of Qatar. The agreement stipulates that Saudi Vitrified Clay Pipe Company shall transfer 45% of its stake in Saudi Land Factory for Cement Products (SLF) to Doha Concrete Blocks Factory Establishment in exchange for the provision of modern equipment and machinery by Doha Concrete Blocks Factory Establishment, in addition to their transportation and installation at the Saudi Land Factory for Cement Products (SLF). The contract will be fully activated after the arrival and installation of the new machinery at the factory. Following the implementation of these procedures, the shares in the Saudi Land Factory for Cement Products (SLF) will become as follows: 55% of the shares will be in favor of SVCP and 45% in favor of Doha Concrete Blocks Factory Establishment. The entity of the Saudi Land Factory for Cement Products (SLF) will also be transformed from a limited liability Company to a closed joint-stock Company (for further details, please refer to Section 10 «**Legal Information**» of this Prospectus).

4-9-2 Laffan Pipes Company

Laffan Pipes Company, a limited liability Company, was established under Commercial Registration No. (1009047290) on 26/11/1445H (corresponding to 03/06/2024G), with a capital of (500,000) five hundred thousand Saudi Riyals, divided into (50,000) fifty thousand shares of equal value, with each share valued at (10) ten Saudi Riyals. Laffan Pipes Company is headquartered in Riyadh, and its activities include the production of plastic pipes and fittings.

It is worth noting that Laffan Pipes Company has no operations or activities as of the date of this Prospectus and has not entered into any business contracts or commercial projects. The Company is expected to commence operations in the fourth quarter of 2025G.

On 07/02/1446H (corresponding to 11/08/2024G), an agreement was concluded between Saudi Vitrified Clay Pipe Company and Laffan Pipe Factory Company (Qatar), a Qatari limited liability Company registered in accordance with the provisions of Qatari laws under Commercial Registration No. (129267) dated 24/01/2019G, and headquartered in the industrial area of the State of Qatar. The agreement stipulates that Saudi Vitrified Clay Pipe Company shall relinquish 45% of its share in Laffan Pipes Company (Saudi Arabia) to Laffan Pipe Factory Company (Qatar) in exchange for providing modern equipment and machinery to Laffan Pipes Company, in addition to transporting and installing them by Laffan Pipe Factory Company (Qatar). The contract will be fully activated after the arrival and installation of the new machinery at the factory. Following the implementation of these procedures, the shares in Laffan Pipes Company (Saudi Arabia) will become as follows: 55% of the shares will be in favor of SVCP Company and 45% in favor of Laffan Pipes Factory Company (Qatar). The entity of Laffan Pipes Company (Saudi Arabia) will also be converted from a limited liability Company to a closed joint stock Company (for further details, please refer to Section 10 «**Legal Information**» of this Prospectus).

Other than the activities of the subsidiaries referred to above and the export operations it carries out through its factories in the Kingdom (to Belgium, China, Qatar, Yemen, Kuwait, Germany, Singapore, Brunei and Egypt), the Company has no commercial activity outside the Kingdom, nor does it have any properties or assets outside the Kingdom as of the date of this Prospectus.

4-10 Company Products by Segment

The Company operates through three main segments to meet the needs of the local and international markets with the highest quality standards. These segments include: clay pipes, concrete pipes, and plastic pipes. The following table shows the Company's products by segment:

Table No. (20): Company products by segment

Sector	Categories	Product Details	Diameter/Dimensions - mm
Clay Pipes	Pipes	Clay pipes vitrified from inside and outside	100-1200
		Extra strength clay pipes vitrified from inside and outside	200-1200
	Connections	Elbows	100-600
		Splitters	100-600
		Drop-in fittings	100-600
		Flexible fittings	100-1200
		Connecting (tie) rings	100-600
		Semicircular Channels (ducts)	100-700
		Perforated Pipes	100-800
		Testing Instruments	100-1500
Shearing (cutting) Machines	100-450		

Sector	Categories	Product Details	Diameter/Dimensions - mm
Concrete Pipes	Concrete Pipes	Concrete Pipes	300-2500
		Horizontal Perforated Pipes	500-3500
	Concrete Manholes	Cylindrical or Rectangular Structures	600-2500
	Box Culverts*	Box-Shaped Channels	From 1000 x 1000 to 2000 x 2000
Plastic pipes**	Pipes	Corrugated HDPE Pipes	150-400
		Spiral HDPE Pipes	500-1200
	Connections	Elbows	150-1200
		Splitters	150-1200

Source: The Saudi Vitrified Clay Pipe Company.

*Work on the box culvert line has not yet begun, but according to the Company, it is expected to begin in the fourth quarter of 2025G.

**Work on the plastic pipes segment has not yet begun, but according to the Company, it is expected to begin in the fourth quarter of 2025G.

4-11 Company Revenues by Segment

The following table shows the Company's revenues by segment for 2022G, 2023G, 2024G, and the six-month period ending on June 30, 2025G:

Table No. (21): The Company's revenues by segment for the fiscal years ending December 31, 2022G, 2023G, 2024G, and the six-month period ending on June 30, 2025G

Segment	Revenues for 2022G	Percentage of the total	Revenues for 2023G	Percentage of the total	Revenues for 2024G	Percentage of the total	Revenue for the six-month period ending June 30, 2025G	Percentage from total
Clay Pipe Segment	76,349,895	100%	75,674,768	100%	50,194,876	85.82%	13,670,553	49.09%
Concrete Pipe Segment*	-	-	-	-	8,292,138	14.18%	14,178,729	50.91%
Plastic Pipe Segment**	-	-	-	-	-	-	-	-
Total	76,349,895	100%	75,674,768	100%	58,487,014	100%	27,849,282	100%

Source: The Saudi Vitrified Clay Pipe Company and its audited financial statements for the fiscal years ending December 31, 2023G and 2024G, and the unaudited financial statements for the six-month period ending June 30, 2025G.

*The Company commenced operations in the concrete pipes segment in 2024G through the acquisition of Saudi Land Factory for Cement Products (SLF).

**Operations in the plastic pipes segment have not commenced as of the date of this Prospectus (as Laffan Pipes Company (a subsidiary) was established on 26/11/1445H (corresponding to 03/06/2024G) and have not yet commenced operations.

4-12 Export

Saudi Vitrified Clay Pipe Company exports its products to several countries around the world, including Belgium, China, Qatar, Yemen, Kuwait, Germany, Singapore, Brunei, and Egypt. Export revenues have witnessed remarkable growth in recent years. Export revenues for the fiscal year ending December 31, 2022G, amounted to (3,391,000) three million, three hundred and ninety-one thousand Saudi Riyals, representing 4.44% of total revenues. In fiscal year 2023G, the Company witnessed significant expansion in export markets, with export revenues amounting to (7,168,000) seven million, one hundred and sixty-eight thousand Saudi Riyals, representing 9.47% of total revenues. Export revenues for the fiscal year ending December 31, 2024G, amounted to (4,898,000)

four million, eight hundred and ninety-eight thousand Saudi Riyals, representing 8.37% of total revenues. The Company's export revenues for the six-month period ending June 30, 2025G, decreased to (1,211) one million and two hundred and eleven thousand Saudi Riyals, representing 4.35% of total revenues.

These figures reflect the Company's continued expansion of its foreign market network, as it strives to meet the needs of its customers in various countries.

Table No. (22): Saudi Vitrified Clay Pipe Company's revenues from exports

Country	Transaction value (SAR)	Percentage from total exports
Fiscal year ending December 31, 2022G		
Belgium	3,108,594	91.68%
China	39,986	1.18%
Qatar	22,235	0.66%
Kuwait	219,829	6.48%
Total	3,390,644	100%
Fiscal year ending December 31, 2023G		
Belgium	5,558,859	77.55%
Brunei	36,135	0.50%
Qatar	205,439	2.87%
Kuwait	171,180	2.39%
Egypt	589,092	8.22%
Singapore	44,493	0.62%
Germany	563,089	7.85%
Total	7,168,287	100%
Fiscal year ending December 31, 2024G		
Belgium	4,620,160	94.33%
Brunei	78,643	1.61%
Qatar	27,564	0.56%
China	171,420	3.50%
Total	4,897,787	100%
The six-month period ending on June 30, 2025G		
Belgium	1,081,827	89.32%
Brunei	40,697	3.36%
Qatar	1,291	0.11%
China	87,305	7.21%
Total	1,211,120	100%

Source: The Saudi Vitrified Clay Pipe Company

4-13 The Company Factories

As of the date of this Prospectus, the Company has (3) three factories in Riyadh: two clay pipe factories (the first and second factories), in addition to a concrete pipe production plant owned by Saudi Land Cement Products Company (a subsidiary). These factories are equipped with the machinery, equipment, and production lines necessary to achieve high efficiency in manufacturing operations. These include production lines dedicated to the manufacture of clay pipes and their fittings, concrete pipes, concrete manholes, and box culverts. It is worth noting that the Company is currently preparing its fourth factory, the Laffan Pipes Company Plant (a subsidiary), which is dedicated to the production of plastic pipes. According to the Company's statement, its construction is expected to be completed in the fourth quarter of 2025G. The following table shows the Company's factories and subsidiaries:

Table No. (23): Saudi Vitrified Clay Pipe Company factories and its subsidiaries

Factory Name	Segment	Location	Total Production Capacity (tons/annual)	Total Factory Area (square meters)
First Factory	Clay Pipe Segment	Second Industrial Zone / Riyadh	100,000	45,914
Second Factory*	Clay Pipe Segment	Second Industrial Zone / Riyadh	100,000	59,390
«Saudi Land Cement Products Company» Factory	Concrete Pipe Segment	Al-Kharj Industrial City / Riyadh	94,000**	40,773
Laffan Pipes Factory***	Plastic Pipe Segment	Al-Kharj Industrial City / Riyadh	10,000 (expected)	25,356

Source: The Saudi Vitrified Clay Pipe Company.

*Operations of the second clay pipe plant were shut down starting in the second quarter of 2024G due to lower demand for clay pipes. The plant was sold on September 13, 2025G. (For more information, please refer to section 2-1-24 «Risks related to the closure of the Company's plants» of this Prospectus).

** Total production capacity excludes the box culvert line, which has not yet commenced operations. Production capacity is expected to increase to 184,000 tons per year after this line becomes operational.

***Operation in the plastic pipes segment has not yet commenced (as Laffan Pipes Company (a subsidiary) was established on 26/11/1445H (corresponding to 03/06/2024G) and has not yet commenced operations. According to the Company's statement, it is expected to commence operations in the fourth quarter of 2025G.

4-14 Segments in which the Company Operates

4-14-1 Clay Pipe Segment

Since the Company's inception, the clay pipe segment has been the core of its business, serving as the foundation from which its industrial activities were launched. Although the Company has recently expanded into other segments, the clay pipe segment remains the cornerstone of its operations, as it continues to provide innovative and sustainable solutions to meet the needs of diverse and large-scale projects. It has also adopted advanced production technologies to ensure the provision of high-quality clay pipes, characterized by durability and the ability to withstand environmental challenges and harsh conditions. The Company's commitment to the highest quality standards makes its products the preferred choice for projects requiring reliable and effective long-term drainage systems.

4-14-1-1 Products of the Clay Pipe Segment

- Clay Pipes

Glazed clay pipes are one of the most important solutions used in sewage and stormwater drainage networks. These pipes are characterized by their exceptional durability and high resistance to corrosion and chemical reactions, making them the ideal choice for projects requiring robust drainage systems that will last for decades without the need for constant maintenance. These pipes are available in diameters ranging from 100 mm to 1200 mm, allowing them to meet the needs of large and diverse projects.

- **Connections (Fittings)**

Connections are vital components for ensuring the integrity and continuity of sewerage systems. They help connect various types of clay pipes, enabling efficient flow of water and liquids between network components. Connections (fittings) include a variety of components such as elbows, splitters, drop-in fittings, and more, providing flexibility and strength in installation, and helping address various environmental challenges.

The following table shows the details of the clay pipe segment products:

Table No. (24): Products of the Clay Pipes Segment

Segment	Categories	Product Details	Diameter (mm)
Clay Pipes	Pipes	Internally and externally glazed Vitrified Clay Pipes	100-1200
		Internally and externally glazed Extra Strength Vitrified Clay Pipes	200-1200
	Connections (Fittings)	Elbows	100-600
		Splitters	100-600
		Drop Connections	100-600
		Flexible Fittings	100-1200
		Tie Rings	100-600
		Semi-Circular Ducts	100-700
		Perforated Pipes	100-800
		Testing Tools	100-1500
Shearing (Cutting) Machines	100-450		

Source: The Saudi Vitrified Clay Pipe Company.

4-14-1-2 Quarries

Saudi Vitrified Clay Pipe Company holds licenses issued by the Ministry of Industry and Mineral Resources to operate two quarries in the Al Kharj and Dhurma regions, where red and white clays, key components in the clay pipe industry, are extracted. Both quarries are strategically located, and these licenses are periodically renewed to ensure continued production.

Dhurma Quarry

The Dhurma Quarry is located in Dhurma Governorate on the Marat Road. The Company was granted a license to exploit this quarry by the Ministry of Industry and Mineral Resources in 1988G. The quarry is currently operating under license number 1445613, issued on 16/10/1445H (corresponding to 25/04/2024G) from the Ministry of Industry and Mineral Resources. This license is valid until 16/10/1465H (corresponding to 19/09/2043G). The license is renewable periodically for twenty years.

The quarry covers an area of 240,000 square meters and extracts red clay, a key component in the clay pipe industry. The Company directly supervises the quarrying and transportation operations, which are carried out by a specialized contractor on a regular basis to

ensure the quality of the extracted raw materials. The Company is committed to submitting a detailed annual report on the quantities of materials extracted from the quarry to the Deputy Ministry for Mineral Resources.

Al-Kharj Quarry

The Al Kharj Quarry is located in Al Kharj Governorate on the Haradh Road. The Company was granted a license to exploit this quarry by the Ministry of Industry and Mineral Resources in 1981G. The quarry is currently operating under license number 142763, issued on 02/12/1427H (corresponding to 23/12/2006G) from the Ministry of Industry and Mineral Resources. The license is valid until 20/11/1446H (corresponding to 18/05/2026G). The license is renewable periodically for twenty years. The quarry covers an area of 1,002,000 square meters. White clay ore, another essential material for the manufacture of clay pipes, is extracted from this quarry. Quarrying and transportation operations are carried out regularly by a specialized contractor, under the Company's supervision, to ensure the highest quality standards are met. The Company also submits annual reports to the Deputy Ministry for Mineral Resources detailing the quantities of extracted materials.

4-14-1-3 Factories

The Company owns two factories in Riyadh, equipped with the machinery, equipment, and production lines necessary to manufacture vitrified clay pipes and their fittings (such as elbows, couplings, drop fittings, etc.) in diameters ranging from 100 mm to 1200 mm. Both factories are located on land leased from the Saudi Authority for Industrial Cities and Technology Zones (MODON). The current combined production capacity of both factories is (200,000) tons per year.

Both factories utilize the same production lines, ensuring that clay pipes are manufactured according to the highest quality standards. The production processes include integrated stages, starting from the extraction of raw materials and preparation of clay, through shaping, drying, Vitrification, firing, installation of flexible fittings, and finally quality control. The two factories also feature the latest kilns and technologies to ensure the highest levels of efficiency and quality in the final products.

Table No. (25): Details of factories and area for the clay pipes segment

Company Name	Factory	Location	Total Factory Area (square meters)
Saudi Vitrified Clay Pipe Company	First Factory	Second Industrial Zone / Riyadh	45,914
Saudi Vitrified Clay Pipe Company	Second Factory *	Second Industrial Zone / Riyadh	59,390

Source: The Saudi Vitrified Clay Pipe Company.

*The operations of the «second plant» will be closed starting from the second quarter of 2024G due to the decline in demand for clay pipes. The plant was sold on September 13, 2025. (For more information, please refer to section 2-1-24 «Risks related to the closure of the Company's plants» of this Prospectus).

First factory:

The factory, which extends over an area of 45,914 square meters, was established in 1977G in the Second Industrial Zone in Riyadh with a production capacity of (24,000) tons per year. In 1983G, the Company increased its production capacity to (45,000) tons per year, and in 2003G, it was raised again to (100,000) tons per year.

The factory is located on land leased from the Saudi Authority for Industrial Cities and Technology Zones (MODON), and is currently operating under Factory License No. (1397100182922) issued by the Ministry of Industry and Mineral Resources on 20/01/1397H (corresponding to 10/01/1977G), which is valid until 18/03/1450H (corresponding to 09/08/2028G). The following table shows the production volume and capacity utilization rate of the first factory during the years 2022G, 2023G, 2024G, and the six-month period ending June 30, 2025G.

Table No. (26): Total and utilized production capacity of the first factory (clay pipes segment)

2022G		2023G		2024G		The six-month period ending June 30, 2025G.	
Actual production quantity (tons/year)	Energy utilization rate (%)	Actual production quantity (tons/year)	Energy utilization rate (%)	Actual production quantity (tons/year)	Energy utilization rate (%)	Actual production quantity (tons/year)	Energy utilization rate (%)
6,713.3	6.7%	16,989.6	17.0%	24,390.0	24.4%	12,398.1	12.4%

Source: The Saudi Vitrified Clay Pipe Company.

Note: The production capacity of the factories is based on 30 working days per month and 24 working hours per day.

Second Factory:

The factory, located on an area of 59,390 square meters, was established in 2009G in the Second Industrial Zone in Riyadh. The factory started with a production capacity of (70,000) tons per year, and the Company increased this capacity to (85,000) tons per year in 2009G. In the same year, another expansion was carried out to raise the production capacity to (100,000) tons per year.

The factory is located on land leased from the Saudi Authority for Industrial Cities and Technology Zones (MODON), and is currently operating under Factory License No. (411223324) issued by the Ministry of Industry and Mineral Resources on 07/09/1441H (corresponding to 30/04/2020G), which is valid until 24/10/1451H (corresponding to 27/02/2030G). The following table shows the production quantity and the percentage of utilization of the production capacity of the second factory during the years 2022G, 2023G, 2024G, and the six-month period ending June 30, 2025G:

Table No. (27): Total and utilized production capacity of the second factory (clay pipes segment)

2022G		2023G		2024G		The six-month period ending June 30, 2025G.	
Actual production quantity (tons/year)	Energy utilization rate (%)	Actual production quantity (tons/year)	Energy utilization rate (%)	Actual production quantity (tons/year)	Energy utilization rate (%)	Actual production quantity (tons/year)	Energy utilization rate (%)
44,603.7	44.6%	42,120.6	42.1%	180.7	0.2%	-	-

Source: The Saudi Vitrified Clay Pipe Company.

*Operations at the second plant will be closed starting in the second quarter of 2024 due to declining demand for clay pipes. The plant was sold on September 13, 2025. (For more information, please refer to section 2-1-24 «Risks related to the closure of the Company's plants» of this prospectus).

Note: The plants' production capacity is based on a 30-day working month and a 24-hour working day.

4-14-1-4 Production Stages

Saudi Vitrified Clay Pipe Company relies on the latest technologies and equipment to manufacture its products according to the highest international quality standards. The production process includes several integrated stages to ensure high-quality pipes that can withstand various environmental conditions. The production process goes through a number of successive stages, beginning with the extraction of raw materials, followed by mixing and preparing them, and ending with the manufacture and final finishing of the pipes according to the highest quality standards. Below is a detailed explanation of each production stage, which ensures the highest levels of efficiency and quality in the Company's products.

1- Clay Extraction process:

The production process begins with the extraction of clay from quarries, where various types of high-quality clay are collected. After extraction, the raw materials are stored in dedicated warehouses within the factory to ensure their quality and safety before being used in production.

2- Preparation Process:

At this stage, the clay is carefully prepared by grinding it and mixing it with dry pottery and water in specific proportions. The process aims to transform the mixture into a malleable, flexible clay that can be easily shaped in subsequent production stages. This stage is crucial to ensuring the quality and strength of the final product.

3- Forming Process (Presses):

Pipes and fittings are formed using a range of modern and advanced presses. The Company owns six presses dedicated to pipe production and two other presses for forming fittings (such as elbows, splitters, and drop fittings) at each plant. These presses vary in their capacity to produce different sizes, with small, medium, and large sizes being formed with high precision to ensure quality standards are met.

4- Drying Process:

After forming the pipes and fittings, they are transferred to drying chambers. This process aims to reduce the moisture content of the pipes and improve their durability in preparation for the next stage of production. The first plant contains 12 drying chambers and three longitudinal tunnel dryers, while the second plant contains nine drying chambers and three longitudinal tunnel dryers. The temperature and humidity within these chambers are carefully controlled to achieve optimal drying.

5- Vitrification Process:

After Drying the pipes and fittings, they are immersed in a bath of vitrification fluid, which consists primarily of silica and clay, along with special chemicals. Vitrification improves the pipes' resistance to leaks and harsh environmental conditions such as high humidity and water. It also gives the pipes a smooth surface, facilitating water flow in sewer systems.

6- The Burning Process:

After Vitrification, the pipes are fired in special furnaces that reach high temperatures to ensure complete hardening of the product. This process takes place in shuttle and tunnel kilns, with each factory housing four shuttle kilns (used for all sizes) and one tunnel kiln dedicated to small and medium sizes. Firing is a critical step in obtaining the strength and hardness required for use in sewerage systems.

7- Flexible Joint Installation Process:

After the firing and Vitrification processes are completed, flexible polyurethane fittings are added to the pipe ends. This process ensures leak-proof installation of the pipes in underground networks. The Company offers dedicated fitting stations according to pipe sizes. The first plant includes a station for small and medium pipes, in addition to another for large sizes. The second plant contains two fitting stations for small and medium sizes, and one for large sizes.

8- Quality Control And Monitoring:

Quality control is an essential part of the production process, with a dedicated team monitoring all stages of production to ensure that final products meet the required standards and specifications. Periodic inspections are conducted on pipes and fittings at every stage of production using advanced equipment to ensure defect-free and quality-assured products.

4-14-2 Concrete Pipe Segment

Saudi Vitrified Clay Pipe Company operates in the concrete pipes segment through its subsidiary, Saudi Land Factory for Cement Products (SLF). It is a limited liability Company established in the industrial city of Al-Kharj on 27/12/1435H (corresponding to 21/10/2014G), under commercial registration number (1011022606). The Company is managed by a group of engineers specialized in the concrete products industry, equipped with the latest equipment and production lines in this field.

On 25/07/1445H (corresponding to 06/02/2024G), the Company acquired 100% of the Saudi Land Factory for Cement Products (SLF) as part of its efforts to expand its vision in the pipe market in the Kingdom of Saudi Arabia and increase its share in this growing market. The capital of the Saudi Land Factory for Cement Products (SLF) at the time of acquisition amounted to (14,700,000) fourteen million and seven hundred thousand Saudi Riyals, divided into (1,000) thousand shares of equal value, the value of each share is (14,700) fourteen thousand and seven hundred Saudi Riyals, which is the current capital.

On 07/02/1446H (corresponding to 11/08/2024G), an agreement was concluded between the Company and Doha Concrete Blocks Factory Establishment, a Qatari sole proprietorship registered in accordance with the provisions of Qatari laws under Commercial Registration No. (31458) dated 03/10/2005G, and located in the Industrial Area of the State of Qatar. The agreement stipulates that the Company shall transfer 45% of its share in the Saudi Land Factory for Cement Products (SLF) to Doha Concrete Blocks Factory Establishment in exchange for Doha Concrete Blocks Factory providing modern equipment and machinery to the Saudi Land Factory for Cement Products (SLF), in addition to transporting and installing them. The contract will be fully activated after the arrival and installation of the new machinery at the factory. Following the implementation of these procedures, the shares in the Saudi Land Factory for Cement Products (SLF) will become as follows: 55% of the shares will be in favor of SVCP and 45% in favor of the Doha Concrete Blocks Factory Establishment. The entity of the Saudi Land Factory for Cement Products (SLF) will also be transformed from a limited liability Company to a closed joint-stock company (for further details, please refer to Section No. 10 «**Legal Information**» of this Prospectus).

The Company manufactures a variety of high-quality concrete products, including reinforced concrete pipes, horizontal perforation pipes, concrete manholes, and box culverts. These products are designed to meet the needs of major projects in the Kingdom, such as stormwater and flood drainage systems, as well as sewage and drainage systems.

4-14-2-1 Concrete Pipe Segment Products

Saudi Land Factory for Cement Products (SLF) specializes in producing three main products, which are used in sewage and flood protection networks. These pipes are characterized by their durability and flexibility in the face of external factors. The following table shows the products of Saudi Land Factory for Cement Products (SLF):

Table No. (28): Concrete pipes segment products

Segment	Categories	Product Details	Diameter/Dimensions - mm
Concrete Pipes	Concrete Pipes	Concrete Pipes	300-2500
		Horizontal Drilling Pipes	500-3500
	Concrete Manholes	Cylindrical or Rectangular Structures	600-2500
	Box Culverts*	Box-Shaped Channels	From 1000 x 1000 to 2000 x 2000

Source: The Saudi Vitrified Clay Pipe Company

* Work on the box culverts line has not yet begun, but according to the Company's statement, it is expected to begin in the fourth quarter of 2025G.

These products are classified as follows:

1- Concrete Pipes:

These include concrete pipes and horizontal boring pipes. These are cylindrical ducts made from high-strength concrete mixes used in various infrastructure projects to transport fluids and ensure efficient flow of water or sewage systems. The factory produces concrete pipes with diameters ranging from 300 mm to 2,500 mm, as well as horizontal boring pipes with diameters ranging from 500 mm to 3,500 mm, with an annual production capacity of 45,000 tons. These pipes are used in flood protection networks and sewage systems. The pipes are also lined internally with various types of insulation, such as high-density polyethylene sheets, fiberglass pipes, or other types as required.

2- Concrete Manholes:

A type of structure manufactured in a cylindrical or rectangular shape, it provides access to underground utility lines for maintenance, inspection, and pipeline cleaning. The plant produces concrete manholes, ranging in diameter from 600 mm to 2,500 mm, with a production capacity of up to 49,000 tons per year. The manholes are lined with various types of insulation, such as high-density polyethylene sheets or fiberglass pipes, depending on the required specifications.

3- Box Culverts:

These are box-shaped reinforced concrete ditches, available in square or rectangular tube sizes ranging from 1,000 x 1,000 mm to 2,000 x 2,000 mm, used to provide passage for waterways and other facilities. The new line has a production capacity of approximately 90,000 tons per year. Construction on the line has not yet begun until the date of the prospectus, but according to the Company, it will begin operations in the fourth quarter of 2025G.

4-14-2-2 The Plant

The factory was established on 27/12/1435H (corresponding to 21/10/2014G), and is located in the second industrial zone in Riyadh on land leased from the Saudi Authority for Industrial Cities and Technology Zones (MODON). The factory is currently operating under factory license No. (421223712) issued by the Ministry of Industry and Mineral Resources on 17/02/1442H (corresponding to 04/10/2020G), which is valid until 20/05/1448H (corresponding to 31/10/2026G).

The «Saudi Land Factory for Cement Products (SLF)» factory boasts a spacious area of approximately 40,773 square meters, including a large storage yard dedicated to storing finished products, measuring 29,042 square meters. This large area allows the factory to efficiently organize production and storage operations, and helps ensure on-time delivery of products to customers. The following table details the «Saudi Land Factory for Cement Products (SLF)» factory:

Table No. (29): Details of the Concrete Pipes Segment Factory

Company Name	Factory	Location	Total Factory Area (square meters)
Saudi Land Factory for Cement Products (SLF)	«Saudi Land Factory for Cement Products (SLF)» Factory**	Al Kharj Industrial City	40,773

Source: The Saudi Vitrified Clay Pipe Company.

The following table shows the production and operational capacity of the concrete pipes segment:

Table No. (30): Production and operational capacity according to the concrete pipes segment production lines for the fiscal year ending December 31, 2024G, and the six-month period ending June 30, 2025G

Production Line	Capacity (tons/year)	Year 2024G		The six-month period ending June 30, 2025G	
		Production Quantity (tons/year)	Utilization Capacity (%)	Production Quantity (tons/year)	Utilization Capacity (%)
Concrete Pipes	45,000	4,400	9.8%	3,911	8.7%
Concrete Manholes	49,000	15,752	32.1%	9,904	20.2%
Box Culverts*	90,000	-	0%	-	0%

Source: The Saudi Vitrified Clay Pipe Company.

*Work on the box culverts line has not yet begun. According to the Company's statement, it is expected to begin operations in the fourth quarter of 2025G.

Note: The plant's production capacity is based on a 30-day working month and a 24-hour workday.

4-14-2-3 Production stages

The Company follows a standardized production process for all products within the concrete pipe segment, which includes concrete pipes, manholes, and box culverts, in accordance with the following steps:

1- Steel frame formation:

The process begins with shaping the steel frame using iron forming and bending machines in specialized workshops, ensuring that the precise dimensions and engineering specifications of each product are met.

2- Insert the frame into the template:

The steel frame is placed in a mold specially prepared to form the product (pipe, manhole or culvert). This frame enhances the structural strength of the final product.

3- Casting process:

The mold is placed inside the casting machine, and the ready-mixed concrete is pumped evenly around the steel frame. The machine is operated with the necessary vibrators to ensure even distribution of the concrete, increasing its density and durability.

4- Demolition and preliminary treatment:

After casting is complete and the concrete has set, the mold is dismantled and the resulting pieces are inspected for defects and cracks. They are then transported to a designated area to begin the natural curing process.

5- Product finishing:

This stage includes smoothing the external surfaces, opening designated openings (where necessary, such as in manholes), and making any required modifications according to the design.

6- Insulation and painting:

Products are covered with insulating layers of bitumen or tarred coal according to the required specifications, to ensure their resistance to moisture and various environmental factors.

7- Storage:

Finished products are transported to designated storage yards, where they are arranged in a way that facilitates their subsequent loading and shipment to projects on time.

4-14-3 Plastic Pipes Segment

The Company operates in the plastic pipes segment through its subsidiary, Laffan Pipes Company. It is a limited liability company established in Riyadh on 26/11/1445H (corresponding to 03/06/2024G), under Commercial Registration No. (1009047290) with a capital of (500,000) five hundred thousand Saudi Riyals divided into (50,000) fifty thousand shares of equal value, with the value of each share being (10) ten Saudi Riyals.

On 07/02/1446H (corresponding to 11/08/2024G), an agreement was concluded between Saudi Vitrified Clay Pipe Company and Laffan Pipe Factory Company, a Qatari limited liability company registered in accordance with the provisions of Qatari laws under Commercial Registration No. (129267) dated 24/01/2019G, and headquartered in the Industrial Area of the State of Qatar. The agreement stipulates that the Company will transfer 45% of its stake in Laffan Pipes Company (Saudi Arabia) to Laffan Pipes Factory Company (Qatar) in exchange for the provision of modern equipment and machinery by Laffan Pipes Factory Company (Qatar) to the plant of Laffan Pipe Company (Saudi Arabia), in addition to their transportation and installation. The contract will be fully activated

after the arrival and installation of the new machinery at the factory. Following the implementation of these procedures, the shares in Laffan Pipes Company will become as follows: 55% of the shares will be in favor of SVCP and 45% in favor of Laffan Pipes Factory Company (Qatar). The entity of Laffan Pipes Company (Saudi Arabia) will also be converted from a limited liability company to a closed joint stock company (for further details, please refer to Section No. 10 «**Legal Information**» of this Prospectus).

4-14-3-1 Plastic pipe segment products

Laffan Pipes Company specializes in the production of plastic pipes and fittings. These products are ideal for projects in the areas of water drainage and sewage. As of the date of this Prospectus, Laffan Pipes Company has no current operations or activities and has not entered into any business contracts or commercial projects. According to the Company's statement, the Company is expected to commence operations in the fourth quarter of 2025G.

This segment will produce corrugated HDPE pipes with diameters ranging from 150 mm to 400 mm and spiral HDPE pipes with diameters ranging from 500 mm to 1,200 mm, in addition to manufacturing their fittings, including elbows and splitters with diameters ranging from 150 mm to 1,200 mm, which are used in sewage and rainwater networks.

These pipes are highly resistant to corrosion, chemical reactions, and leakage. They are also lightweight, highly flexible, and easy to transport, making them an ideal choice for large-scale projects. The following table shows the products in the plastic pipe segment:

Table No. (31): Plastic pipes segment products

Segment	Categories	Product Details	Diameter (mm)
Plastic Pipes*	Pipes	Corrugated HDPE Pipes	150-400
		Spiral HDPE Pipes	500-1,200
	Fittings	Elbows	150-1,200
		Splitters	150-1,200

Source: The Saudi Vitrified Clay Pipe Company.

*Laffan Pipes Company has not yet commenced operations. According to the Company's statement, it is expected to commence operations in the fourth quarter of 2025G.

4-14-3-2 Factory

The Plant's industrial license was obtained on 22/02/1446H (corresponding to 26/08/2024G) under Factory License No. (4602229090) issued by the Ministry of Industry and Mineral Resources. The license is valid until 03/03/1447H (corresponding to 26/08/2025G). The plant is located in Al-Kharj Industrial City in Riyadh, on land leased from the Saudi Authority for Industrial Cities and Technology Zones (MODON). The «**Laffan Pipes Company**» plant has a spacious area of approximately 25,356 square meters, including a large indoor and outdoor storage yard dedicated to product storage. This spacious area enables the plant to organize production and storage operations efficiently, contributing to improving workflow and ensuring customer needs are met on time.

The following table shows the details of the «**Laffan Pipes Company for Plastic Products**» factory:

Table No. (32): Details of the plant for the plastic pipes segment

Company Name	Plant	Location	Total Factory Area (square meters)
Laffan Pipes Company	«Laffan Pipes Company» plant	Al-Kharj Industrial City	25,356

Source: The Saudi Vitrified Clay Pipe Company

4-15 Quality Certificates by Segment

The Company has obtained a number of quality certifications, reflecting its commitment to international quality standards in its production processes. The following table details the Company's current quality certifications by segment:

Table No. (33): Quality certificates by segment

Segment	Certification Name	Certification Description (What it covers)	Certification Date	Certification Expiration Date
Clay Pipes Segment	International Quality Management System (ISO 9001:2015)	Quality Management System	13/10/2024G	01/10/2027G
Clay Pipes Segment	German NRW (MPA) Certification	Product conformity to European specifications	18/02/2022G	17/02/2027G
Clay Pipes Segment	Belgian BENOR Certification*	Product compliance with European and Belgian specifications	04/02/2025G	-
Clay Pipes Segment	Saudi Quality Mark License (SASO)	Product compliance with Saudi specifications	18/02/2025G	18/02/2028G
Clay Pipes Segment	Certification of Product Conformity to Saudi Specifications (Fugro Suhaimi Laboratory)	Product compliance with Saudi specifications	09/07/2025G	09/01/2026G
Concrete Pipes Segment	International Quality Management System (ISO 9001:2015)	Quality Management system	13/01/2025G	12/01/2028G
Concrete Pipes Segment	International Quality Management System (ISO 14001:2015)	Quality Management System	18/06/2025G	17/06/2028G
Concrete Pipes Segment	International Quality Management System (ISO 45001:2018)	Quality Management System	18/06/2025G	17/06/2028G

Source: The Saudi Vitrified Clay Pipe Company

*According to the Company, the certificate does not have an expiration date.

4-16 Safety and Security

In an effort to provide a safe work environment in its factories, the Company continuously raises awareness of workplace safety and security systems, improves workplace behaviors, and assesses existing risks to combat them. The Company has also equipped its factories in accordance with all applicable safety regulations and requirements in the Kingdom, including:

- Equipping factories with early warning devices and systems and periodically monitoring their operation.
- Installing sprinkler and automatic fire extinguishing systems, developing evacuation plans for the factory and warehouses, and conducting periodic evacuation drills.
- Providing safety and security equipment for factory and warehouse employees and monitoring their continued use.
- Providing a designated and secure place for flammable materials.
- Assigning first aid teams, emergency response teams, and training employees on these.
- Conducting periodic training courses for employees on various safety and security topics.
- Submitting periodic reports on the development and adherence to safety and security policies.

4-17 Distribution and Transportation

For distribution and transportation, both within and outside the Kingdom, the Company coordinates with specialized shipping companies to handle the entire transportation process. The Company's team collaborates with the client to select the best shipping options available based on criteria such as cost, time, and the most appropriate shipping methods for the product. Through this process, the Company seeks to provide flexible and efficient shipping solutions that ensure on-time delivery at the lowest cost, while maintaining the highest levels of service, enhancing customer confidence and satisfaction with the Company's services. It's worth noting that cargo insurance falls under the responsibility of the contracted shipping company.

4-18 Research and Development

The Company monitors technological developments in its factory production lines, machinery, equipment, and tools used in its production processes. Its strategy is to acquire modern technologies that help it improve production processes in terms of quality, production speed, and cost reduction. The Company does not have a specific policy or specialized activities related to research and development, nor does it have a specialized R&D department or related financial allocations.

4-19 Business Interruption

The Board of Directors of the Company declares that, with the exception of Laffan Pipes Company, which has not yet commenced its operations as of the date of this Prospectus due to its recent establishment, there has been no interruption in the business of the Company and its subsidiaries that could have a significant impact on the Group's financial position during the twelve (12) month period preceding the date of this Prospectus.

4-20 Employees and Saudization

4-20-1 Employees

The number of employees in Saudi Vitrified Clay Pipe Company and its subsidiaries was (437) employees as of 10/09/2025G. The following table shows the number of employees:

Table No. (34): Number of employees in Saudi Vitrified Clay Pipe Company and its subsidiaries

	As of 10/09/2025G			Band and Size Category
		Number	Percentage	
Saudi Vitrified Clay Pipe Company, Commercial Registration No. (1010014993)	Saudis	90	26.32%	Low Green Medium Size (Category C)
	Non-Saudis	252	73.68%	
	Total	342	100.00%	
Saudi Land Factory for Cement Products (SLF), Commercial Registration No. (1011022606)	Saudis	37	31.09%	High Green Medium Size (Category A)
	Non-Saudis	82	68.91%	
	Total	119	100.00%	
Laffan Pipes Company, Commercial Registration No. (1009047290) *	Saudis	-	-	-
	Non-Saudis	-	-	
	Total	-	-	

	As of 10/09/2025G		Band and Size Category
		Number	
Total	Saudis	127	27.55%
	Non-Saudis	334	72.45%
	Total	461	100.00%

Source: The Saudi Vitrified Clay Pipe Company

*Laffan Pipes Company has not yet commenced operations. According to the Company's statement, it is expected to commence operations in the fourth quarter of 2025G.

4-20-2 Saudization

The Saudization Program «Nitaqat» was approved by Resolution No. (4040) of His Excellency the Minister of Labor dated 12/10/1432H (corresponding to 10/09/2011G), based on Cabinet Resolution No. (50) dated 21/05/1415H (corresponding to 27/10/1994G). The Nitaqat Program was implemented on 12/10/1432H (corresponding to 10/09/2011G). Pursuant to Ministerial Resolution No. (182495) dated 15/11/1442H (corresponding to 25/06/2021G). The Nitaqat Program was developed into the «Nitaqat Advanced» Program, which adopted the integration of small and micro-economic activities and their inclusion with other economic activities and the provision of a fixed nationalization plan to improve the relationship between the number of employees and the percentage of nationalization in entities.

The Ministry of Human Resources and Social Development implemented the program to encourage institutions to employ Saudi citizens. Through the program, a company's performance is evaluated based on specific «bands», including the platinum band, the green band (divided into sub-categories: low, medium, and high), and the red band. Companies within the platinum or green band are considered to have met Saudization requirements and are therefore entitled to several benefits, such as enabling non-Saudi employees to obtain and renew work visas or change their professions (with the exception of professions designated exclusively for Saudi citizens). Companies within the red band are considered to have violated Saudization requirements and may be subject to punitive measures, such as limiting their ability to renew work visas for non-Saudi employees or obtain new work visas.

It is worth noting that the Saudi Vitrified Clay Pipe Company has been classified within the low green range (this is in accordance with the localization certificate issued on 01/12/2024G and extended until 15/11/2025G), as the Company has achieved a localization rate of 27%.

4-21 Employee Stock Programs

The Company and its subsidiaries do not have any employee stock programs as of the date of this Prospectus.

4-22 Arrangements involving employees in capital

There are no arrangements involving employees in the Company's capital as of the date of this Prospectus.

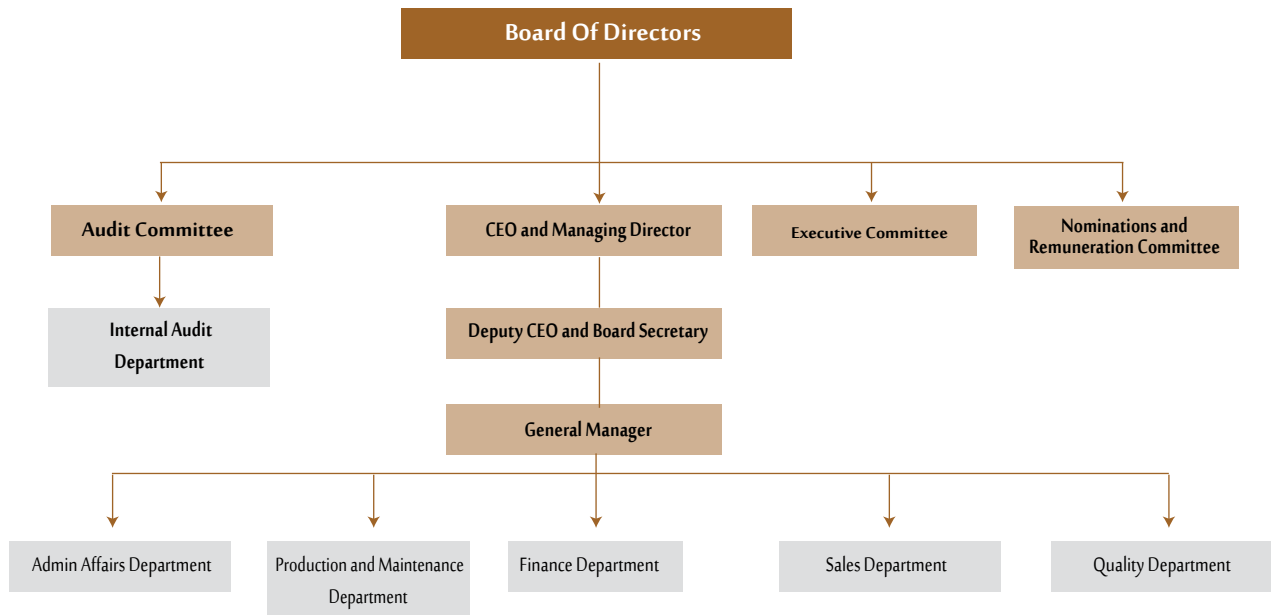


05

Company's Organization Structure

5- Company's Organization Structure

Figure No. (2): Organization Structure



5-1 Board of Directors and Secretary

With reference to the Ordinary General Assembly meeting held on Wednesday 12/03/1445H (corresponding to 27/09/2023G), which included the election of the Board of Directors for its new term, which begins on 18/10/2023G and ends on 17/10/2026G for a period of three years, the Assembly approved the appointment of (7) members to the Board of Directors. The following table shows the members of the Board of Directors as of the date of this Prospectus:

Table No. (35): Members of the Board of Directors

Name	Position	Nationality	Age	Membership Capacity****	Direct Ownership %*	Indirect Ownership %***	Membership Date**
Prince Faisal Bin Abdulaziz Bin Faisal AL Saud	Chairman of the Board of Directors	Saudi	79	Non Executive	2.67%	-	18/10/2023G
Saad Saud Ibrahim AL Sayari	CEO and Managing Director	Saudi	81	Executive	0.33%	-	18/10/2023G
Suliman Nassir Jubran Al Hatlan Al Qahtani	Board Member	Saudi	53	Independent	0.00067%	-	18/10/2023G
Abdullah Sulaiman Abdulrahman AL Dhabaan ***	Board Member	Saudi	81	Non Executive	0.0067%	0.77%	18/10/2023G
Saleh Badr Al-Sanea (1)	Board Member	Saudi	30	Independent	-	-	04/01/2026G
Dr./ Ahmed Othman Abdullah Al Qasabi	Board Member	Saudi	64	Independent	-	-	18/10/2023G
Sulaiman Ali Al Abdullah Al Dakheel	Board Member	Saudi	63	Independent	0.0013%	-	18/10/2023G

Name	Position	Nationality	Age	Membership Capacity****	Direct Ownership %*	Indirect Ownership %***	Membership Date**
Secretary							
Saud Saad AL Sayari	Deputy CEO and Board Secretary	Saudi	48	Executive	-	-	18/10/2023G

Source: The Saudi Vitrified Clay Pipe Company

(1) On 04/01/2026G, the Board of Directors appointed Saleh Bader Al-Sanea to the Board of Directors as a replacement for the resigning member, Muayyad Issa Al-Qurtas, until the end of the current Board term. This appointment will be presented to the first General Assembly meeting for approval.

* The mentioned ownership percentages are approximate

** The dates mentioned represent the dates of their appointment to their current positions.

*** Member Abdullah Sulaiman Al Dhaban's indirect ownership results from his 50% ownership of Riyadh Investment Holding Company, a closed joint stock company, which owns 1.54% of the shares of Saudi Vitrified Clay Pipe Company.

****The following negates the independence according to the Corporate Governance Regulations:

- If he/she holds (5%) five percent or more of the shares of the Company or any other company within its group; or is a relative of who owns such percentage.
- If he/she is a relative of any member of the Board of the Company, or any other company within the Company's group;
- If he/she is a relative of any Senior Executive of the Company, or of any other company within the Company's group;
- If he/she is a Board member of any company within the group of the Company for which he/she is nominated to be a Board member.
- If he/she is an employee or used to be an employee, during the preceding two years, of the Company, of any party dealing with the Company or any company within its group, such as external auditors or main suppliers;
- If he/she has a direct or indirect interest in the business and contracts concluded on behalf of the Company.
- If the member of the Board receives financial consideration from the Company in addition to the remuneration for his/her membership of the Board or any of its committees exceeding an amount of (SAR 200,000) or 50% of his/her remuneration of the last year for the membership of the board or any of its committees, whichever is less.
- If he/she engages in a business where he competes with the Company, or conducting businesses in any of the Company's activities.
- if he/she served for more than nine years, consecutive or inconsecutive, as a Board member of the Company.

5-2 The Committees of the Company

5-2-1 Audit Committee

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

Financial Reports:

- 1- Analyzing the Company's interim and annual financial statements before presenting them to the Board, and providing its opinion and recommendations thereon to ensure their integrity, fairness and transparency.
- 2- Providing its technical opinion, at the request of the Board, regarding whether the Board's report and the Company's financial statements are fair, balanced, understandable, and contain information that allows shareholders and investors to assess the Company's financial position, performance, business model, and strategy.
- 3- Analyzing any important or non-familiar issues contained in the financial reports.
- 4- Accurately investigating any issues raised by the Company's chief financial officer or any person assuming his/her duties or the Company's compliance officer or external auditor.
- 5- Examining the accounting estimates in respect of significant matters that are contained in the financial reports.
- 6- Examining the accounting policies followed by the Company and providing its opinion and recommendations to the Board thereon.

Internal Audit:

- 1- Examining and reviewing the Company's internal and financial control systems and risk management system.
- 2- Analyzing the internal audit reports and following up the implementation of the corrective measures in respect of the remarks made in such reports.
- 3- Monitoring and overseeing the performance and activities of the internal auditor and internal audit department of the Company to ensure the availability of the necessary resources and their effectiveness in performing the assigned activities and duties.
- 4- Providing a recommendation to the Board on appointing the manager of the internal audit unit or department, or the internal auditor and suggest his/her remunerations.
- 5- Preparing a report expressing its opinion on the adequacy of the Company's internal control system and other work carried out within the scope of its jurisdiction. The Board of Directors must place sufficient copies of this report at the Company's headquarters at least ten days prior to the general assembly meeting, to be provided to any shareholders who wish to receive a copy. The report shall be read during the General Assembly Meeting.

External Auditor:

- 1- Providing recommendations to the Board to nominate external auditors, dismiss them, determine their remunerations, and assess their performance after verifying their independence and reviewing the scope of their work and the terms of their contracts.
- 2- Verifying the independence of the external auditor, its objectivity, fairness, and effectiveness of the audit activities, taking into account the relevant rules and standards.
- 3- Reviewing the plan of the Company's external auditor and its activities, and ensuring that it does not provide any technical, administrative or consulting works that are beyond its scope of work, and provides its opinion thereon.
- 4- Responding to queries of the Company's external auditor.
- 5- Reviewing the external auditor's reports and its comments on the financial statements, and following up the procedures taken in connection therewith.

Ensuring Compliance:

- 1- Reviewing the findings of the reports of supervisory authorities and ensuring that the Company has taken the necessary actions in connection therewith.
- 2- Ensuring the Company's compliance with the relevant laws, regulations, policies and instructions.
- 3- Reviewing the contracts and proposed Related Party transactions, and providing its recommendations to the Board in connection therewith.
- 4- Reporting to the Board any issues in connection with what it deems necessary to take action on, and providing recommendations as to the steps that should be taken.

The Audit Committee consists of (3) three members as shown in the following table:

Table No. (36): Members of the Audit Committee

Name	Position	Capacity	Date of Appointment
Sulaiman Bin Nasser Al Hatlan Al Qahtani	Chairman of the Audit Committee	Independent	18/10/2023G
Sulaiman Ali Al-Dakhil (1)	Member of the Audit Committee	Independent	04/01/2026G
Saleh Bin Badr Al Sanea	Member of the Audit Committee	Independent	18/10/2023G

Source: The Saudi Vitrified Clay Pipe Company

(1) On 04/01/2026G, the Board of Directors appointed Suleiman Ali Al-Dakhil to the Audit Committee, succeeding the resigned member Muayyad Issa Alqurtas, until the end of the current Board term.

5-2-2 Nominations and Remuneration Committee

With reference to the Ordinary General Assembly meeting held on Wednesday 12/03/1445H (corresponding to 27/09/2023G), which included the election of the Board of Directors for its new term, which begins on 18/10/2023G and ends on 17/10/2026G, for a period of three years. The committee's competencies include the following:

Regarding Remuneration:

- 1- Preparing a clear policy for the remunerations of the Board members, its committees, and the Executive Management, and presenting such policy to the Board in preparation for approval by the General Assembly, provided that such policy follows standards that linked to performance, and disclosing and ensuring the implementation of such policy.
- 2- Clarifying the relation between the paid remuneration and the adopted remuneration policy and identifying any material deviation from that policy.
- 3- Periodically reviewing the remuneration policy and assessing its effectiveness in achieving its objectives.
- 4- Providing recommendations to the Board in respect of the remuneration of its members, the committees members and Senior Executives, in accordance with the approved policy.

Regarding Nominations:

- 1- Proposing clear policies and criteria for membership in the Board of Directors and Executive Management.
- 2- Recommending to the Board of Directors the nomination and re-nomination of members, in accordance with the approved policies and criteria, taking care not to nominate any person previously convicted of a crime involving moral turpitude.
- 3- Preparing a description of the capabilities and qualifications required for membership in the Board of Directors and for holding Executive Management positions.
- 4- Determining the time a member must devote to Board work.
- 5- Annually reviewing the necessary skills or experience for membership in the Board of Directors and Executive Management positions.
- 6- Reviewing the structure of the Board of Directors and Executive Management and making recommendations regarding any possible changes.
- 7- Annually verifying the independence of independent members and ensuring that there are no conflicts of interest, particularly if the member serves on the board of directors of another company.
- 8- Developing job descriptions for executive members, non-executive members, independent members, and senior executives.
- 9- Establishing special procedures in the event of a vacancy in the position of a board member or senior executive.
- 10- Identifying the strengths and weaknesses of the board of directors and proposing solutions to address them in a manner consistent with the Company's interests.

The Nominations and Remuneration Committee consists of (3) three members as shown in the following table:

Table No. (37): Members of the Nominations and Remuneration Committee

Name	Position	Capacity	Date of Appointment
Sulaiman bin Nasser Al Hatlan Al Qahtani	Chairman of the Nominations and Remuneration Committee	Independent	18/10/2023G
Prince Faisal bin Abdulaziz Bin Faisal Al Saud	Member of the Nominations and Remuneration Committee	Non Executive	18/10/2023G
Abdullah bin Sulaiman Al Dhabaan	Member of the Nominations and Remuneration Committee	Non Executive	18/10/2023G

Source: The Saudi Vitrified Clay Pipe Company

5-2-3 Executive Committee

The Executive Committee is responsible for overseeing the executive decision-making process and serves as the Supervisory Board's representative between management meetings. The Executive Committee is responsible for:

- Studying strategic and important topics and projects with significant financial impact and submitting them to the Board for approval.
- Reviewing financial and strategic performance reports related to monitoring the implementation of strategic plans and initiatives and submitting any recommendations the committee deems appropriate to the Board.

The Executive Committee consists of (3) three members as shown in the following table:

Table No. (38): Members of the Executive Committee

Name	Position	Capacity	Date of Appointment
Prince Faisal Bin Abdulaziz Bin Faisal AL Saud	Chairman of the Executive Committee	Non Executive	18/10/2023G
Saad bin Saud AL Sayari	Member of the Executive Committee	Executive	18/10/2023G
Abdullah Sulaiman AL Dhabaan	Member of the Executive Committee	Non Executive	18/10/2023G

Source: The Saudi Vitrified Clay Pipe Company

5-3 Executive Management

The Executive Management consists of (6) departments, including the Finance Department, Sales Department, Human Resources Department, Internal Audit Department, Quality Department, and Production and Maintenance Department.

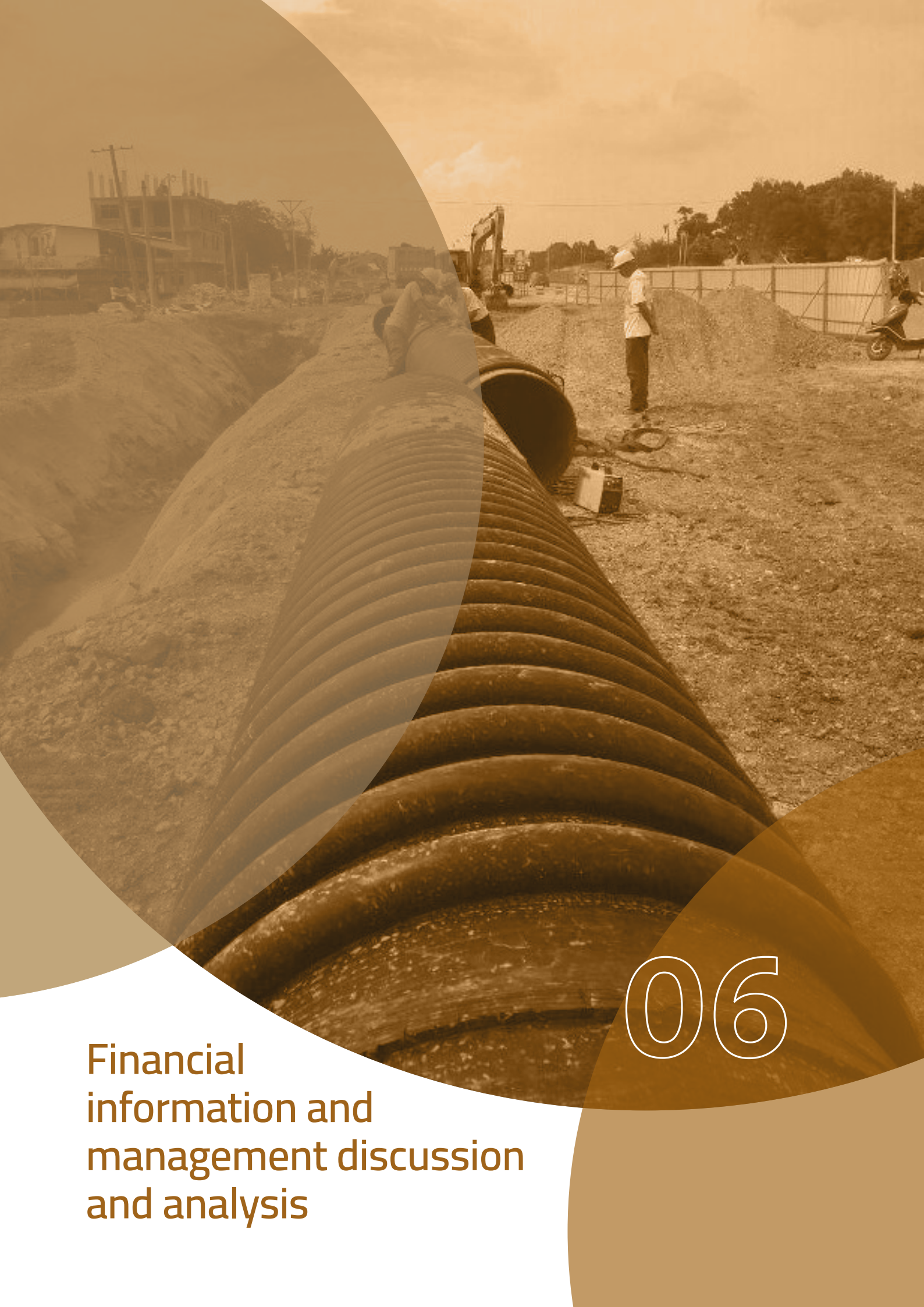
The following table shows the members of the Company's Executive Management:

Table No. (39): Members of the Executive Management

Name	Position	Nationality	Age	Academic Qualification	Direct Ownership %	Indirect Ownership %*	Date of Appointment
Saad Saud Ibrahim AL Sayari	CEO and Managing Director	Saudi	81	Master's degree in Geology from the University of Stuttgart, Germany, 1970G. PhD in Geology from the University of Stuttgart, Germany, 1973G.	0.33%	-	18/10/2023G
Saud Saad AL Sayari	Deputy CEO and Board Secretary	Saudi	48	Bachelor's degree in International Business Administration from King Saud University in Saudi Arabia, 1999G.	-	-	18/10/2023G
Ali Saeed Mohammed Al-Qahtani	General Manager	Saudi	48	Bachelor's degree in Mechanical Engineering from King Fahd University of Petroleum and Minerals in Saudi Arabia, 2001G.	-	-	01/02/2023G

Name	Position	Nationality	Age	Academic Qualification	Direct Ownership %	Indirect Ownership %*	Date of Appointment
AbdulKhalig Abdullah Babiker Al-Hassan	CFO	Sudanese	52	Bachelor's degree in Cost and Management Accounting from the College of Administrative Sciences and Economics, Omdurman Ahlia University, Sudan, 1997G. Fellowship in Management Accountants from the Institute of Management Accountants in the United States of America, 2008G.	-	-	01/03/2012G
Abdulaziz Anwar Ibrahim	Sales Manager	Jordanian	31	Bachelor of Civil Engineering from Birzeit University in Palestine in 2015G.	-	-	14/03/2021G
Saad Mani' Al-Qahtani	Administrative Affairs Manager	Saudi	40	Bachelor's degree in Public Administration from King Abdulaziz University in Saudi Arabia, 2015G. Higher Diploma in Human Resources from Al Yamamah University in Saudi Arabia, 2006G.	-	-	01/12/2005G
Osama Ibrahim Al-Anzi	Internal Audit Manager	Saudi	33	Bachelor's degree in Mathematics from King Saud University, Kingdom of Saudi Arabia, in 2016G. Diploma in Internal Auditing from the Institute of Public Administration in Saudi Arabia, 2025G.	-	-	01/11/2025G
Haitham Al-Shaer	Production and Maintenance Manager	Palestinian	36	Bachelor's degree in Industrial Engineering from the Islamic University of Palestine, 2010G.	-	-	01/04/2025G
Osama Abdulrahman	Quality Department Manager	Sudanese	34	Bachelor's degree in Chemistry, University of Khartoum, Sudan, 2014G.	-	-	01/04/2025G

Source: The Saudi Vitrified Clay Pipe Company.



Financial
information and
management discussion
and analysis

06

6- Financial information and management discussion and analysis

6-1 Introduction

The «**Financial information and management discussion and analysis**» section provides an analytical review of the operating performance and financial condition of the Saudi Vitrified Clay Pipe Co., a Saudi joint stock company, for the fiscal years ending December 31, 2022G, 2023G, and 2024G and the six-month period ended June 30, 2025G, which includes the comparative period ended June 30, 2024G. This section is based on the audited financial statements for the fiscal years ended December 31, 2022G and 2023G, the audited consolidated financial statements for the fiscal year ended December 31, 2024G, and the unaudited condensed consolidated financial statements for the six-month period ended June 30, 2025G, and the comparative period ended June 30, 2024G.

The financial statements have been prepared by the Company in accordance with International Financial Reporting Standards (IFRS) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA). The financial statements of the Saudi Vitrified Clay Pipe Co. were audited in accordance with International Auditing Standards by the public accountant, RSM Allied Accountants, for the fiscal years ending December 31, 2022G and 2023G. The consolidated financial statements were audited by the Company's Auditors, Yasser Zouman Al-Zouman, Khaled Fawzan Al-Fahad, and Zahir Abdullah Al-Hajjad CPA, for the fiscal year ending December 31, 2024G. The unaudited condensed financial statements were also examined by the Company's auditors, Yasser Zoman Al-Zouman, Khaled Fawzan Al-Fahad & Zaher Abdullah Al-Hajjaj Professional Consulting Firm, for the six-month financial period ending June 30, 2025G, which includes the comparative period ending June 30, 2024G, in addition to the notes to the financial statements.

Neither RSM Allied Accountants, nor Yasser Zouman Al-Zouman, Khaled Fawzan Al-Fahad, and Zahir Abdullah Al-Hajjad CPA, nor any of its subsidiaries or employees own any shares or interest of any kind in the Company that would affect their independence. The Auditors have given their written consent to refer in this Prospectus to their role as the Company's auditors for the financial years ending December 31, 2022G, 2023G, and 2024G, and the six-month financial period ending June 30, 2025G, which includes the comparative period ending June 30, 2024G.

This section may contain forward-looking statements about the Company based on management's current plans and expectations regarding the Company's business growth, results of operations, and financial condition. This information involves risks and uncertainties, the Company's actual performance may differ materially from these expectations as a result of various factors, including those discussed in this section or elsewhere in this prospectus, particularly those described in Section 2, «**Risk Factors**».

All amounts in this section are presented in Saudi Riyals, unless otherwise stated, and amounts and percentages are rounded to the nearest thousand. Therefore, if the figures in the tables are added together, their totals may not correspond to the totals in those tables or to the Company's audited and reviewed financial statements.

6-2 About the Saudi Vitrified Clay Pipe Co., its subsidiaries and their activities

The Saudi Vitrified Clay Pipe Company is a Saudi joint stock company registered in the Kingdom of Saudi Arabia under commercial registration no. 1010014993 issued in the City of Riyadh on 8 Rabi' Al-Awwal 1398H (corresponding to 16 February 1978G). Its main activity is operating quarries and manufacturing pipes.

The Company's head office is located in Al Akaria building «**Al-Sitteen**», Salah Al-Din al-Ayyubi road, Al-Zahraa district, P.O. box 2305, Riyadh 12812, Riyadh, kingdom of Saudi Arabia. the Company's shares are traded on the Saudi stock exchange (Tadawul).

The following table shows the structure of the company and the subsidiaries that were fully acquired or established during the financial year ending December 31, 2024:

Table No. (40): The Company's structure and subsidiaries that were fully acquired or incorporated during the fiscal year ending December 31, 2024G

Subsidiary company name	Country of incorporation	Segment	Commercial registration number	Ownership percentage December 31, 2023G	Ownership percentage December 31, 2024G
Saudi Land Cement Factory Company	Kingdom of Saudi Arabia	concrete pipes	1011022606	-	100%
Laffan Pipes Factory	Kingdom of Saudi Arabia	plastic pipes	1009047290	-	100%

Source: Financial statements and Company.

On February 6, 2024G, the Saudi Vitrified Clay Pipe Co. signed a sale and purchase agreement for the entire shares in Saudi Land Cement Factory for a price of SR 25.0 million, excluding any taxes or fees. On March 20, 2024G, the Company announced that it had paid the purchase price, completed the regulatory procedures, and amended the subsidiary's articles of association.

The capital of Saudi Land Cement Factory Company is 14.7 million Saudi Riyals, divided into 1,000 equal shares, each valued at 14.7 thousand Saudi Riyals, fully owned by the Saudi Vitrified Clay Pipe Co. The subsidiary's activity is the manufacture of concrete products and their accessories.

On February 14, 2024G, the Saudi Vitrified Clay Pipe Co. announced the signing of a memorandum of understanding with Doha Concrete Blocks Factory Company, for Doha Concrete Blocks Factory Company to enter into a 45% share as a partner in Saudi Land Factory for Cement Products (SLF) («the subsidiary»), with the Saudi Vitrified Clay Pipe Co. retaining a 55% share of the capital of Saudi Land Factory for Cement Products (SLF) («the subsidiary»). On August 12, 2024G, the Saudi Vitrified Clay Pipe Co. announced the signing of a partnership agreement with Doha Concrete Blocks Factory Company in the state of Qatar. Doha factory company will pay the share in kind by transferring the production lines of its factory in Doha for the production of pipes and concrete products to the ownership of Saudi Land Factory. It should be noted that the transfer of shares of Doha Mold Factory Company (45% in Saudi Land Factory for Cement Products (SLF)) has not yet been completed.

On June 3, 2024G, the Saudi Vitrified Clay Pipe Co. established Laffan Pipes Company, a limited liability company, with a capital of 500,000 Saudi Riyals. This subsidiary did not engage in any of the activities listed in the commercial register from the date of its establishment until December 31, 2024G.

The following table shows the key performance indicators for the fiscal years ending December 31, 2022G, 2023G, and 2024G:

Table No. (41): Key Performance Indicators for the fiscal years ending December 31, 2022G, 2023G, and 2024G

Key Performance Indicators						
SAR'000	As of December 31, 2022G	As of December 31, 2023G	As of December 31, 2024G	Increase /(Decrease) 2022G-2023G	Increase /(Decrease) 2023G-2024G	Compound Annual Growth Rate 2022G-2024G
Loss per share						
Basic and diluted net loss per share from main operations	(1,33)	(0,89)	(1,64)	0,4	(0,8)	(0,3)

Key Performance Indicators						
SAR'000	As of December 31, 2022G	As of December 31, 2023G	As of December 31, 2024G	Increase / (Decrease) 2022G-2023G	Increase / (Decrease) 2023G-2024G	Compound Annual Growth Rate 2022G-2024G
Basic and diluted net loss per share for the period	(0,58)	(3,94)	(7,23)	(3,4)	(3,3)	(6,6)
Number of shares	15,000	15,000	15,000	-	-	-
Sales growth	(13.9%)	(0.9%)	(22.7%)	NA	(21,8)	(12.5%)
As a percentage of sales						
Gross margin (loss) / profit	5.8%	9.6%	(7.2%)	3,8	(16,8)	(13.0)
Selling and marketing expenses	8.2%	6.7%	5.3%	(1,5)	(1,4)	(2,9)
General and administrative expenses	23.8%	22.5%	34.1%	(1,3)	11.6	10.3
Net loss from main operations	(26.2%)	(17.7%)	(42.1%)	8.6	(24,4)	(15,9)
Net (loss) / profit before Zakat	(7.5%)	(73.5%)	(182.9%)	(66.0)	(109,4)	(175.5)
Net loss	(11.5%)	(78.2%)	(185.4%)	(66,7)	(107,3)	(173.9)
Inventory No. of days	206	238	249	32	11	43
Accounts receivable days	182	123	131	(59)	8	(51)
Accounts payable days	16	8	24	(8)	16	8
Cash turnover days	372	353	356	(19)	3	(16)
Return on assets	(2.7%)	(24.4%)	(69.6%)	(21.7)	(45.2)	(66.9)
Return on equity	(3.1%)	(28.0%)	(105.7%)	(24.9)	(77.7)	(102.6)
Quantity sold						
Clay pipes (meters in thousands)	787.0	790.0	402.0	3.0	(388.0)	(385.0)
Fittings and accessories (pieces in thousands)	258.0	235.0	159.0	(23.0)	(76.0)	(99.0)
Manholes (tons in thousands)	None	None	15.8	None	None	None
Concrete pipes (meters in thousands)	None	None	4.4	None	None	None
Average selling price						
Clay pipes (Saudi Riyals per meter)	67.6	70.1	88.7	2.4	18.6	21.1
Fittings and accessories (Saudi Riyals per piece)	78.6	81.7	90.7	3.1	9.0	12.1
Manholes (Saudi Riyals per ton)	None	None	359.9	None	None	None
Concrete pipes (Saudi Riyals per meter)	None	None	596.1	None	None	None
Average cost of production						
Clay pipes (Saudi Riyals per Meter)	66.2	63.3	92.3	(2.9)	29.0	26.1
Connections and Accessories (Saudi Riyals per piece)	76.9	78.2	95.5	1.3	17.3	18.6
Manholes (Saudi Riyals per ton)	NA	NA	455.9	NA	NA	NA

Key Performance Indicators						
SAR'000	As of December 31, 2022G	As of December 31, 2023G	As of December 31, 2024G	Increase / (Decrease) 2022G-2023G	Increase / (Decrease) 2023G-2024G	Compound Annual Growth Rate 2022G-2024G
Concrete Pipes (Saudi Riyals per meter)	NA	NA	746.4	NA	NA	NA

Source: Financial statements and management information.

The following table shows the key performance indicators for the six-month period ended on June 30, 2024G and 2025G:

Table No. (42): Key Performance Indicators for the six-month period ended on June 30, 2024G and 2025G

Key Performance Indicators			
SAR'000	As of the period ended on June 30, 2024G	As of the period ended on June 30, 2025G	Increase / (Decrease) Between the period ended on June 30, 2024G-2025G
Loss per share			
Basic and diluted net loss per share from main operations	(1.10)	(1.25)	(0.2)
Basic and diluted net loss per share for the period	(1.17)	(1.35)	(0.2)
Number of shares	15,000	15,000	-
Sales growth	(37.8%)	13.8%	(51.6)
As a percentage of sales			
Gross margin (loss) / profit	(31.6%)	(19.6%)	12.0
Selling and marketing expenses	5.9%	10.6%	4.7
General and administrative expenses	38.1%	37.8%	(0.4)
Net loss from main operations	(67.5%)	(67.5%)	0.0
Net (loss) / profit before Zakat	(69.4%)	(71.3%)	(1.9)
Net loss	(71.8%)	(72.6%)	(0.8)
Inventory No. of days	232	232	-
Accounts receivable days	173	121	52
Accounts payable days	9	52	43
Cash turnover days	396	300	(96)
Return on assets	(7.3%)	(12.4%)	(5.1)
Return on equity	(9.3%)	(24.7%)	(15.4)
Quantity sold			
Clay pipes (meters in thousands)	207.7	130.8	(76.9)
Fittings and accessories (pieces in thousands)	54.1	46.1	(8.1)
Manholes (tons in thousands)	1.0	23.0	22.0
Concrete pipes (meters in thousands)	1.0	8.4	7.4
Average selling price			
Clay pipes (Saudi Riyals per meter)	85.3	68.0	(17.3)
Fittings and accessories (Saudi Riyals per piece)	117.8	103.7	(14.1)
Manholes (Saudi Riyals per ton)	227.5	415.7	188.1
Concrete pipes (Saudi Riyals per meter)	153.2	549.8	396.5

Key Performance Indicators			
SAR'000	As of the period ended on June 30, 2024G	As of the period ended on June 30, 2025G	Increase / (Decrease) Between the period ended on June 30, 2024G-2025G
Average cost of production			
Clay pipes (Saudi Riyals per Meter)	108.9	107.0	(1.9)
Connections and Accessories (Saudi Riyals per piece)	150.4	163.2	12.8
Manholes (Saudi Riyals per ton)	873.8	346.1	(527.8)
Concrete Pipes (Saudi Riyals per meter)	588.4	457.7	(130.8)

Source: Financial statements and management information.

6-3 Board of Directors' Declarations regarding the Financial Statements

- 1- The members of the Board of Directors declare that the financial information contained in this section is extracted without material changes from the audited financial statements for the fiscal years ending December 31, 2022G and 2023G, and the audited consolidated financial statements for the fiscal year ending December 31, 2024G, and the condensed consolidated financial statements (unaudited) for the six-month period ending June 30, 2025G, and the accompanying notes, without making any material amendments to them, and that they include financial information presented on a consolidated basis in a form consistent with the financial statements approved by the Company and its subsidiaries in accordance with International Financial Reporting Standards (IFRS) adopted in the Kingdom of Saudi Arabia and other standards and pronouncements approved by the Saudi Organization for Chartered and Professional Accountants (SOCPA).
- 2- The members of the Board of Directors declare that the Company - individually or in partnership with its subsidiaries - has sufficient working capital for a period of at least 12 months immediately following the date of publication of the Prospectus.
- 3- The Company incurred losses during the financial years ended December 31, 2022G, 2023G, and 2024G and the six-month period ended June 30, 2025G. Except for what was disclosed in Section 6-8-2-5 «**Equity**» and Section 2-1-1 «**Risks related to accumulated losses**», the Board of Directors declares that there has been no material adverse change in the financial and business position of the Issuer or any of its subsidiaries during the three years immediately preceding the date of filing the registration application and offering of the securities subject to this Prospectus, in addition to the end of the period covered by the auditor's report until approval of the Prospectus.
- 4- The Board of Directors members declare that the Company and its subsidiaries do not intend to make any significant change in the nature of their operation.
- 5- The Board of Directors members declare that the operations of the Company and its subsidiaries have not ceased in a manner that could negatively affect or have negatively affected its financial position during the past twelve months, except for what was disclosed in the Company's financial statements and the Board of Directors' report.
- 6- The members of the Board of Directors declare that all material facts relating to the Company, its subsidiaries and its financial performance have been disclosed in this Prospectus, and that there are no other facts the omission of which would make any statements in this Prospectus misleading.
- 7- The Board members declare that the Company and its subsidiaries do not have any assets, including contractual securities or other assets whose value is subject to fluctuations or whose value is difficult to ascertain, which would significantly affect the assessment of the financial position.
- 8- The members of the Board declare that the Company and its subsidiaries have not provided any commissions, discounts, brokerage fees, or any non-cash compensation to the Issuer or any of its subsidiaries to any of the members of the Board of Directors or proposed members of the Board of Directors, senior executives, those who offer or list securities, or experts during the three years immediately preceding the date of submitting the application for registration and offering of securities subject to this Prospectus in connection with the issuance or offering of any securities.

- 9- The members of the Board of Directors of the Company and its subsidiaries declare that there is no capital in the Company or its subsidiaries that includes an option right.
- 10- Other than what is stated in Section 6-8-2-4 «**Current Liabilities**» and Section 10-5-2 «**Loans and Facilities**» of this Prospectus, the members of the Board of Directors declare that the Company and its subsidiaries do not have any debt instruments issued, outstanding, approved, or not issued, or term loans, whether loans covered by a personal guarantee or secured by a mortgage, whether the issuer or another has provided a mortgage for them, or not secured by a mortgage.
- 11- The Board of Directors declare that the Company or its subsidiaries do not have any loans or other debts, including overdrafts from bank accounts, obligations under acceptance and acceptance credit, lease purchase obligations, loans or debts secured by mortgage, or unsecured by mortgage, or loans or debts whether covered by a personal guarantee or not covered by a personal guarantee or secured by a mortgage or unsecured by a mortgage, except for what is disclosed in Section 6-8-2-4 «**Current Liabilities**» and Section 10-5-2 «**Loans and Facilities**» of this Prospectus.
- 12- Except for what is disclosed in this section No. 6-8-2-3 «**Non-Current Liabilities**» and Section No. 6-8-2-4 «**Current Liabilities**» and Section No. 10-5-2 «**Loans and Facilities**» of this Prospectus, the members of the Board of Directors declare that the Company or any of its subsidiaries do not have any contingent liabilities or guarantees as of the date of this Prospectus.
- 13- Except for what was disclosed in Section No. 6-8-2-3 «**Non-Current Liabilities**», Section No. 6-8-2-4 «**Current Liabilities**», and Section No. 10-5-2 «**Loans and Facilities**» of this Prospectus, the members of the Board of Directors declare that there are no mortgages, rights or encumbrances on the properties of the Company and its subsidiaries as of the date of this Prospectus.
- 14- The members of the Board of Directors of the Company and its subsidiaries declare that the Company and its subsidiaries do not have any significant fixed assets that they intend to purchase or lease.
- 15- The Board of Directors declare that the Company does not experience any seasonal factors or economic cycles related to its activities that could impact the business and financial position of the Company or its subsidiaries.
- 16- The members of the Board of Directors declare that, except for what was disclosed in Section 2-2 «**Risks Related to the Market and the Sector in which the Issuer Operates**» of this Prospectus, and Section 6-8-2-2 «**Current Assets**» of this Section, the Company or any of its subsidiaries do not have information about any governmental, economic, financial, monetary, or political policies, or any other factors that have or could have a material impact (directly or indirectly) on the operations of the Company or its subsidiaries.
- 17- The members of the Board of Directors declare that there were no qualifications in the auditor's report on the financial statements of the Company or any of its subsidiaries during the fiscal years ending December 31, 2022G, 2023G, and 2024G, and the six-month period ended June 30, 2025G immediately preceding the date of submitting the application for registration and offering of the securities subject to this Prospectus.
- 18- The members of the Company's Board of Directors declare that there are no material changes in the accounting policies of the Issuer and its subsidiaries during the fiscal years ending December 31, 2022G, 2023G, and 2024G, and the six-month period ended June 30, 2025G immediately preceding the date of submitting the application for registration and offering of the securities subject to this Prospectus.
- 19- The members of the Company's Board of Directors declare that there have been no changes in the issuer's capital, or any material changes in the capital of its material subsidiaries, during the fiscal years ending December 31, 2022G, 2023G, and 2024G, and the six-month period ended June 30, 2025G immediately preceding the date of submitting the application for registration and offering of the securities subject to this Prospectus.

6-4 Financial Statements Basis of Preparation

6-4-1 Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements complementing international standards endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

Accounting Convention/Basis of Measurement:

The financial statements are presented under the historical cost principle, the going concern assumption, and the accrual basis. Another basis of accounting is used if required by the International Financial Reporting Standards (IFRS) endorsed in the Kingdom of Saudi Arabia and other pronouncements supplementing the international standards endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA), as stated in the significant accounting policies.

6-5 Comparative Figures

In accordance with the requirements of International Accounting Standard No. 8, «Accounting Policies, Changes in Accounting Estimates and Errors,» management has restated the comparative figures for the fiscal years 2022G and 2023G during the fiscal year 2024G. Management identified some errors in applying lease accounting in prior years, including adjusting the recognition of right-of-use assets and lease liabilities for some leases with terms ranging from 10 to 20 years, which were not previously accounted for in accordance with IFRS16, «Leases.» The following are details of the adjustments, reclassifications, and impact on the items in the statement of financial position, statement of profit or loss, and other comprehensive income.

The following table shows the impact of the adjustments on the statement of financial position for the fiscal year ending December 31, 2022G:

Table No. (43): The effect of the adjustments on the statement of financial position for the fiscal year ending December 31, 2022G

Impact of the adjustments on the statement of financial position for the fiscal year ending December 31, 2022G				
SAR'000	As of December 31, 2022G (as issued)	Adjustment	Reclassification	As of December 31, 2022G (adjusted)
Right-of-use assets	4,220	2,222	-	6,442
Prepaid expenses and other assets	3,571	(67)	-	3,503
Retained earnings	43,702	(167)	-	43,535
Lease liabilities - non-current portion	3,316	1,879	-	5,196
Lease liabilities - current portion	655	247	-	902
Accrued expenses and other liabilities	7,041	195	82	7,319
Dividends payable to shareholders	82	-	(82)	-

Source: Financial statements and company.

The following table shows the impact of the adjustments on the statement of Financial Position for the Fiscal Year Ending December 31, 2023G:

Table No. (44): The impact of Adjustments on the Statement of Financial Position for the Fiscal Year Ended December 31, 2023G

Impact of the Adjustments on the Statement of Financial Position for the Fiscal Year Ending December 31, 2023G				
SAR'000	As of December 31, 2022G (as issued)	Adjustment	Reclassification	As of December 31, 2022G (adjusted)
Right-of-use assets	4,779	2,005	-	6,784
Prepaid expenses and other assets	1,564	(65)	-	1,499
Retained earnings	(14,809)	(317)	-	(15,126)
Lease liabilities - non-current portion	4,177	1,774	-	5,951
Lease liabilities - current portion	703	179	-	882
Accrued expenses and other liabilities	5,338	304	82	5,724
Dividends payable to shareholders	82	-	(82)	-

Source: Financial statements and company.

Table No. (45): The effect of the adjustments on the statement of profit or loss and other comprehensive income for the fiscal year ending December 31, 2023G

Impact of the adjustments on the statement of profit or loss and other comprehensive income for the fiscal year 2023G				
SAR'000	As of December 31, 2023G (as issued)	Adjustment	Reclassification	As of December 31, 2023G (adjusted)
Cost of sales	(68,337)	(60)	-	(68,397)
General and administrative expenses	(15,610)	-	(1,441)	(17,051)
Provision for expected credit losses	-	-	1,441	1,441
Finance costs	(1,129)	(90)	-	(1,220)

Source: Financial statements and company.

During the six-month period ended June 30, 2025G, the Group reviewed its accounting policies and procedures for allocating impairment to property, plant, and equipment. It was discovered that an error had occurred in prior periods where the impairment provision was disproportionately charged to the affected items, resulting in higher depreciation expense than required during those periods. This error was corrected during the period ended June 30, 2024G, resulting in a reduction in the cost of sales.

The Group also amended the method of recognizing right-of-use assets, lease liabilities, and certain related items for prior periods of some leases. This had a direct impact on the depreciation of right-of-use assets and the financing costs associated with lease liabilities. The resulting depreciation expense was charged to the cost of sales, while the financing costs for the period ended June 30, 2024G, were charged to financing costs.

To complete the accounting procedures for the six-month period ending June 30, 2025G, the Group restated certain comparative figures due to the transition of one of its subsidiaries («Saudi Land Factory for Cement Products (SLF)») from applying International Financial Reporting Standards (IFRS) for small and medium-sized enterprises (SMEs) to applying full IFRS. This transition necessitated a change in the accounting policies applied by that subsidiary, resulting in the recognition of depreciation of right-of-use assets and their allocation to cost of sales, as well as the recognition of finance costs related to lease obligations and the amortization of the fund

loan and their allocation to finance costs. Additionally, deferred government grant interest was restated as a reducing effect, which impacted the accumulated losses for prior periods resulting from this transition.

The Company also corrected an error related to the failure to recognize the provision for expected credit losses on customer balances. The provision was reversed instead of being recognized in the income statement as an item for expected credit losses.

Accordingly, the Group has adjusted the comparative data in accordance with the requirements of International Accounting Standard No. 8 «Accounting Policies, Changes in Accounting Estimates and Errors», whereby the financial statements for the prior period have been restated to reflect the corrective effect of these errors.

The following table shows the effect of adjustment on the condensed consolidated interim statement of profit and loss and other comprehensive income for the six-month period ended June 30, 2024G:

Table No. (46): The effect of adjustment on the condensed consolidated interim statement of profit and loss and other comprehensive income for the six-month period ended June 30, 2024G.

The effect of adjustment on the condensed consolidated interim statement of profit and loss and other comprehensive income for the six-month period ended June 30, 2024G				
SAR'000	30 June 2024G (As issued)	Adjustment	Restatement	30 June 2024G (Adjusted)
Cost of Sales	(33,915)	1,694	-	(32,220)
Financing Costs	(397)	(267)	-	(664)
General and Administrative Expenses	(8,745)	-	(592)	(9,336)
Reversal of Provision for Expected Losses	-	1,400	592	1,992
Other Income	167	33	-	200
Adjustment Effects on Net Loss for the Period	(20,439)	2,860	-	(17,579)

Source: Financial Statements and Company.

6-6 Summary of Material Accounting Policies

The following is a summary of the significant accounting policies applied in preparing the Company's financial statements:

6-6-1 Current and non-current classification

The Company presents assets and liabilities in the statement of financial position on a current/non-current basis. Assets are current when:

- They are expected to be realized or intended to be sold or consumed in the normal operating cycle,
- They are acquired primarily for the purpose of trading,
- They are expected to be realized within twelve months after the reporting period, or
- They are cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current assets.

All liabilities are current when:

- They are expected to be settled within twelve months after the reporting period,

- They are acquired primarily for the purpose of trading,
- They are due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer settlement of the liability for at least twelve months after the reporting period.
- All other liabilities are classified as non-current liabilities.

6-6-2 Property, Plant and Equipment

Property, plant, and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenses directly attributable to the acquisition of property, plant, and equipment. When 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. Repairs and maintenance expenses are expensed, while improvements are capitalized. Depreciation is calculated over the estimated useful lives using the straight-line method. An asset sold or disposed, and its accumulated depreciation are eliminated from the accounts at the date of sale or disposal. The board also declares that no changes are expected to the Issuer's depreciation policies.

The following table shows the useful lives of major items of property, plant and equipment:

Table No. (47): useful lives of property, plant and equipment

Item	useful life
Buildings on leased land	16-30 years or the lease term, whichever is less
Machinery and equipment	4-40 years
Vehicles	4-5 years
Furniture and fixture	6 years
Heavy equipment	10 years
Computers and printers	5 years
Leasehold improvements	5 years or the lease term, whichever is less
Spare parts	5 years

Source: Financial statements and company.

Annual Review of salvage Values and Useful lives

The salvage value of an asset is the estimated present value that a company could obtain upon disposal of the asset, less the estimated costs of disposal, if the asset had already reached the age and condition expected at the end of its useful life.

The salvage values and useful lives of assets are reviewed and adjusted, if necessary, at the end of each reporting period. If expectations differ from previous estimates, the change is accounted for as a change in accounting estimates.

6-6-3 Impairment of Assets

At each reporting date, the carrying amounts of assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is any indication of a possible impairment, the recoverable amount of any affected asset (or related asset group) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and the impairment loss is recognized immediately in the statement of profit or loss.

Where an impairment loss on a non-financial asset other than goodwill reverses, the carrying amount of the asset (or related asset group) is increased to the revised estimate of its recoverable amount, but not to exceed the amount that would have been determined

had no impairment loss been recognized for the asset (or related asset group) in prior years. The reversal of the impairment loss is recognized immediately in the statement of profit or loss.

6-6-4 Intangible Assets

Intangible assets acquired separately are recognized at cost. The cost of intangible assets acquired in a business combination is their fair value at the acquisition date.

After initial recognition, intangible assets are stated at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding development costs, are not capitalized, and expenditures are recognized in the statement of profit or loss as incurred.

The amortization period and method for intangible assets with finite useful lives are reviewed at the end of each reporting period. Changes in the expected useful life or the expected method of amortizing future economic benefits embodied in the intangible assets are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. Amortization expense for intangible assets with finite useful lives is recognized in the statement of profit or loss within the expense category consistent with the function of the intangible asset. Intangible assets with finite useful lives are amortized using the straight-line method over their estimated useful lives of five years.

6-6-5 Right to use Assets and Lease Liability

The Company recognized new assets and liabilities for its operating leases for various types of contracts, including land leases and office leases. Each lease payment is allocated between the liability and the finance cost. The finance cost is charged to the statement of profit or loss over the lease term, so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life or the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis.

Right to use assets, where it is initially recognized:

- The initial measurement of the lease liability is the present value of future lease payments,
- Any lease payments made at or before the lease commencement date less any lease incentives received,
- Any initial direct costs incurred by the Company as a lessee,
- An estimate of the costs the Company will incur as a lessee to dismantle and remove the underlying asset and restore the site on which the asset is located.

The right-of-use asset is subsequently measured at cost less any accumulated depreciation and any accumulated impairment losses adjusted for any remeasurement of the lease liability.

The right-of-use asset is depreciated over the estimated lease term using the straight-line method.

The lease liability is initially recognized at the present value of the lease payments unpaid at the lease inception date, using the Company's incremental borrowing rate.

The lease liability is subsequently measured as follows:

- Increasing the carrying amount to reflect interest on the lease liability,
- Decreasing the carrying amount to reflect lease payments,
- Remeasuring the carrying amount to reflect any reassessment or modification to the lease.

6-6-6 lease Term

The Company determines the lease term as the non-cancellable period of the lease, along with:

- The periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option,
- The periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option.

For short-term leases (lease terms of 12 months or less) and low-value leases, the Company recognized rental expenses on a straight-line basis as permitted by IFRS16, which is the same method as was previously accounted for under IAS17»Leases».

6-6-7 Capital Work in Progress

Capital work-in-progress is recognized at cost based on initial measurement. Cost includes all expenditures directly attributable to bringing the asset to its working condition and for its intended use. Capital work-in-progress is transferred to property, plant, and equipment when completed and available for its intended use.

6-6-8 Recognition and Derecognition

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

Financial assets are derecognized when the contractual rights to the cashflows from the financial asset expire, or when the asset and substantially all the risks and rewards of the financial asset are transferred.

A financial liability is derecognized when it is extinguished, derecognized, cancelled, or expired.

Classification and Initial Measurement of Financial Assets

All financial assets are initially measured at fair value adjusted for transaction costs (if applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- Amortized cost.
- Fair value through profit or loss.
- Fair value through other comprehensive income.
- The classification category is determined by:
 - The Group's business model for managing the financial assets.
 - The contractual cash flow characteristics of the financial assets.

All income and expenses related to financial assets that are recognized in profit or loss are presented within finance costs, finance income, or other financial items.

6-6-9 Financial Assets at Amortized Cost

Financial assets are measured at amortized cost if they meet the following conditions (and are not designated as fair value through profit or loss):

- They are held within a business model whose objective is to hold financial assets and collect their contractual cash flow.
- The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category includes non-derivative financial assets, such as loans and receivables, with fixed or determinable payments that are not quoted in an active market. After initial recognition, they are measured at amortized cost using the effective interest method. Discounting is eliminated when the effect of discounting is immaterial. Financial instruments included in this category include bank balances and accounts receivable.

6-6-10 Financial Assets at Fair Value through Profit or Loss

Financial assets held within a business model other than «held for collection» or «held for collection and sale» and financial assets whose contractual cash flows are not solely payments of principal and interest are measured at fair value through profit or loss.

The fair value of financial assets in this category is determined by reference to active market transactions or using a valuation technique when there is no active market.

6-6-11 Financial Assets at Fair Value through other Comprehensive Income

The Group recognizes financial assets at fair value through other comprehensive income (FVTOCI) if the assets meet the following conditions:

- They are held within a business model whose objective is to hold for the purpose of collecting the associated cash flows and selling.
- The contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Gains or losses recognized in other comprehensive income will be recycled upon derecognition of the asset.

6-6-12 Impairment of Financial Assets

The new IFRS impairment requirements use more forward-looking information to recognize expected credit losses

- The expected credit loss model.

Recognizing credit losses no longer relies on the Group initially identifying a credit loss event. Instead, the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, and reasonable and supportable forecasts that affect the expected collectability of the instrument's future cash flows.

When applying this forward-looking approach, a distinction is made between:

- Financial instruments that have not significantly deteriorated in credit quality since initial recognition or that have low credit risk (Stage 1) and
- Financial instruments that have significantly deteriorated in credit quality since initial recognition and are not low credit risk (Stage 2).

«**Stage 3**» covers financial assets that have objective evidence of impairment at the reporting date. However, none of the Group's assets fall into this category.

«**12-month expected credit losses**» are recognized for Category 1, while «**lifetime expected credit losses**» are recognized for Category 2.

The expected credit losses are determined by estimating the probability of credit losses over the expected life of the financial instrument.

The Group recognizes 12-month expected credit losses for financial assets at fair value through other comprehensive income (if any). Since most of these instruments have excellent credit ratings, the probability of their neutrality is low. However, at each reporting date, the Group assesses whether there has been a significant increase in the credit risk of the instrument.

6-6-13 Disposal of Financial Assets

The Group derecognizes financial assets only when the contractual rights to the cash flows from the assets expire, or it transfers the financial assets and all the risks and rewards of ownership to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets, the Group continues to recognize its retained interest in the assets and liabilities associated with the financial assets, except for amounts it may have to pay.

6-6-14 Financial Liabilities

Financial liabilities are classified as either at amortized cost or fair value through profit or loss. All of the Group's financial liabilities are classified and measured at amortized cost using the effective yield method. The Group has no financial liabilities at fair value through profit or loss.

6-6-15 Inventory

Inventory is stated at the lower of cost or net realizable value. The costs incurred in bringing each product to its present location and condition are determined on a weighted average basis. For finished goods and work-in-progress inventories, cost includes an appropriate portion of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less any costs to make the sale. Inventory is written off when it can no longer provide economic benefits to the Company. The reason for the write-off may be damage, theft, loss, or any other reason that prevents the ability to provide economic benefits. The book value of the written-off inventory is charged to cost of sales.

6-6-16 Accounts Receivable

Trade receivables are amounts due from customers for products sold in the ordinary course of business. Trade receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less an allowance for expected credit losses, which is recognized in the statement of profit or loss.

6-6-17 Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, bank balances, and short-term deposits with maturities of three months or less from the date of placement, which are subject to an insignificant risk of changes in value.

6-6-18 Employee Benefits

End-of-Service Benefits

End-of-Service Benefits are determined using the projected unit cost method, with an actuarial valuation performed at the end of each annual fiscal period. Remeasurements, including actuarial gains and losses, are recognized in the statement of financial position, while expenses or credits are recognized in other comprehensive income for the period in which they are incurred. Remeasurements recognized in other comprehensive income are immediately recognized in retained earnings and are not reclassified to the statement of profit or loss.

Retirement Benefits

The Company pays retirement contributions to the General Organization for Social Insurance (GOSI) for its Saudi employees. This represents a defined contribution plan, and payments are expensed as incurred.

Short-term employee benefits

The liability for employee benefits accruing to employees for wages, salaries, annual leave, and sick leave is recognized in the period in which the related service is provided at the undiscounted amount of the benefits expected to be paid in exchange for that service.

6-6-19 Provisions

Provisions should be recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

When it is expected that some or all of the expenditure required to settle a provision will be reimbursed (by another party) (for example, through an insurance contract), the reimbursement is recognized only when it is virtually certain that the reimbursement will be received if the entity settles the obligation. This reimbursement is recognized as a separate asset. The expense related to a provision is presented in the statement of profit or loss net of the reimbursement.

6-6-20 Contingent Liabilities

All contingent liabilities arising from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company, or all present liabilities arising from past events, but not recognized because:

- It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or
- The amount of the obligation cannot be measured with sufficient reliability. Then all liabilities must be assessed at each balance sheet date and disclosed in the Company's financial statements under contingent liabilities.

6-6-21 Accounts Payable and Accrued Amounts

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether or not invoiced by the suppliers.

6-6-22 Contract Obligations with Customers

Amounts received in advance from customers are recognized as contract obligations for the Company, and these amounts are recognized as revenue when the specific service is provided in accordance with the contracts.

6-6-23 Related Parties

A related party is a person or entity that has a relationship with the Company. A person is considered related if the person has control or significant influence over the Company or is a member of key management. An entity is considered related if the entity is a member of the same group as a parent company, a subsidiary, an associate, a joint venture, or both entities are joint ventures of a third party.

A related party transaction is a transfer of resources, services, or obligations between the Company and a related party, regardless of whether a price is charged. Key management personnel are those authorized and responsible for planning and managing the Company's operations, including the manager.

6-6-24 Dividends Payable to Shareholders

Dividends to the Company's shareholders are recorded as a liability upon approval of these dividends. According to the Companies Law of the Kingdom of Saudi Arabia, dividends are approved by shareholders or upon authorization from shareholders to the Board of Directors to distribute interim dividends to the Company's shareholders on a semi-annual or quarterly basis pursuant to a resolution of the Ordinary General Assembly, and renewed annually, in accordance with the Company's financial position and cash flows. The corresponding amount is deducted directly from equity.

6-6-25 Zakat Provision

Estimated Zakat is a liability on the Company and is recognized in the accompanying financial statements by charging it to the profit or loss statement in accordance with the Zakat standard and the opinion issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA). It is calculated for the year on an accrual basis.

Zakat is calculated at the end of the year based on the adjusted net income or the Zakat base, whichever is greater, in accordance with the regulations of the Zakat, Tax, and Customs Authority in the Kingdom of Saudi Arabia.

Differences between the provision and the final assessment are adjusted in the year in which the assessment is received.

6-6-26 Value Added Tax

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

- When the value added tax incurred on the purchase of assets or services is not recoverable from the tax authority, in which case the value added tax is recognized as part of the cost of acquiring the asset or as part of an expense item, as applicable.
- When accounts receivable and payable are included with the value added tax, the net amount of value added tax recoverable from or payable to the tax authority is included as part of accounts receivable or payable in the statement of financial position.

6-6-27 Withholding Tax

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

6-6-28 Revenue from Contracts with Customers

The Company generates revenue primarily from the sale of clay pipes to customers.

Revenue represents the fair value of the consideration received or receivable for goods sold, net of returns, trade discounts, and rebates.

The Company recognizes revenue under IFRS 15 using the following five-step model:

- Identify the contract with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights or obligations and specifies criteria that must be satisfied.
- Identify the performance obligations in the contract: A performance obligation is a promise with a customer to transfer a good or provide a service.

- Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring the promised goods or services to the customer, excluding amounts collected on behalf of third parties.
- Allocate the transaction price to the performance obligations in the contract: For a contract with more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that identifies the amount of consideration the Company expects to receive in exchange for satisfying each obligation.
- Revenue is recognized when (or as soon as) the Company satisfies a performance obligation.

Recognizing Revenue from Sales of Goods

Sales of goods are recognized at a specific point in time, which is when the goods are delivered, control (the significant risks and rewards of ownership) is transferred to the buyer, and invoices are issued. This is typically upon delivery of the goods, as this is the point in time when the amount is unconditional, as only time is required before payment is due.

6-6-29 Principal vs. Broker Considerations

The Company has comprehensively reassessed these arrangements to determine whether the Company acts as a principal or a broker when delivering goods to the customer, as this will impact whether revenue is recognized on a gross or net basis. The Company considers several factors, such as assuming primary responsibility for supplying goods, bearing inventory risk, and pricing ability. When these criteria are met, the Company is considered to be acting as a principal, and therefore, sales transactions related to the above are recorded on a gross basis.

6-6-30 Other Income

Other income is recognized when realized.

6-6-31 Cost of Sales

All expenses are recognized on the accrual basis, and operating costs are recognized on the historical cost basis. Direct production and manufacturing costs are classified as cost of sales. This includes raw materials, direct labor, and other related indirect costs. Other costs, such as selling costs, are recorded as selling and marketing expenses, while all other costs are recorded as general and administrative expenses.

6-6-32 Selling and Marketing Expenses

Selling and marketing expenses consist primarily of costs incurred in marketing and selling the Company's products, as well as transportation costs for the products to customers. All other expenses are classified as general and administrative expenses.

6-6-33 General and Administrative Expenses

General and administrative expenses consist of direct and indirect costs not related to cost of sales. A consistent allocation between general and administrative expenses and cost of sales (where necessary) must be made on a consistent basis. These expenses primarily include employee costs, other employee benefits, bonuses and allowances for board members, maintenance fees, rental expenses, insurance, professional fees, and others.

6-6-34 Operating Segments

An operating segment is a component of the Company that engages in activities from which it may earn revenues and incur expenses, including revenues and expenses related to transactions with any of the Company's other segments. All segment results are evaluated periodically by the operating decision maker to make decisions and evaluate the performance of the resources allocated to each segment and the financial information available separately.

Segment results reported to the operating decision maker include those directly attributable to the segment, as well as those that can be allocated on an appropriate basis. These include head office expenses, research and development costs, related assets/liabilities, and Zakat assets and liabilities.

6-6-35 Geographical Segment

A geographical segment is a group of assets, operations, or entities engaged in profitable activities within a particular economic environment subject to risks and returns different from those operating in other economic environments.

The Company has geographical segments, as the Company's sales are conducted both inside and outside the Kingdom of Saudi Arabia.

6-6-36 Loss per share

Basic and diluted loss per share is calculated by dividing the net loss for the year by the weighted average number of shares outstanding at the end of the fiscal year/period.

6-6-37 Offsetting

Financial assets and liabilities are offset and recorded net in the statement of financial position when there is a legally enforceable right to offset these amounts, and the Company intends to settle on a net basis or to recognize the assets and settle the liabilities simultaneously.

6-6-38 Foreign Currency Transactions

Foreign currencies transactions are converted into Saudi Riyals at the exchange rates prevailing at the time of the transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are converted into Saudi Riyals at the year-end/period rates. Gains and losses resulting from settlements or translation of foreign currencies are included in the statement of profit or loss.

6-7 Results of Operations for the Fiscal Years Ending December 31, 2022G, 2023G, and 2024G

6-7-1 Statement of profit or loss and other comprehensive income for the fiscal years ending December 31, 2022G, 2023G and 2024G.

Table No. (48): Statement of profit or loss and other comprehensive income for the fiscal years ending December 31, 2022G, 2023 and 2024G

Statement of profit or loss and other comprehensive income						
SAR'000	Fiscal Year 2022G (audited)	Fiscal Year 2023G (adjusted)	Fiscal Year 2024G (audited consolidated)	Change between fiscal year 2022G-2023G	Change between fiscal year 2023G-2024G	Compounded growth rate 2022G-2024G
Sales	76,350	75,675	58,487	(0.9%)	(22.7%)	(12.5%)
Cost of Sales	(71,935)	(68,397)	(62,699)	(4.9%)	(8.3%)	(6.6%)
Gross (Loss) / Profit	4,415	7,278	(4,212)	64.9%	(157.9%)	N/A
Selling and Marketing Expenses	(6,251)	(5,034)	(3,078)	(19.5%)	(38.9%)	(29.8%)
General and Administrative Expenses	(18,178)	(17,051)	(19,965)	(6.2%)	17.1%	4.8%

Statement of profit or loss and other comprehensive income						
SAR'000	Fiscal Year 2022G (audited)	Fiscal Year 2023G (adjusted)	Fiscal Year 2024G (audited consolidated)	Change between fiscal year 2022G-2023G	Change between fiscal year 2023G-2024G	Compounded growth rate 2022G-2024G
Provision for Expected Credit Losses	-	1,441	2,637	None	83.0%	N/A
Net Loss from Main Operations	(20,014)	(13,366)	(24,618)	(33.2%)	84.2%	10.9%
Finance Costs	(193)	(1,220)	(1,733)	533.4%	42.1%	200.0%
Other Income (Expenses)	14,486	5,378	(411)	(62.9%)	(107.6%)	N/A
Impairment Losses on Property, Plant, and Equipment	-	(46,414)	(80,238)	None	72.9%	N/A
Net (Loss) / Year before Zakat	(5,721)	(55,621)	(106,999)	872.3%	92.4%	332.5%
Zakat Expense	(3,042)	(3,519)	(1,446)	15.7%	(58.9%)	(31.1%)
Year Net Loss	(8,763)	(59,140)	(108,445)	574.9%	83.4%	251.8%
Other Comprehensive Income						
Items that will not be subsequently reclassified to profit or loss				N/A	N/A	N/A
Gain on Remeasurement of Defined Benefit Plan Obligations	531	479	608	(9.7%)	26.9%	7.0%
Total Other Comprehensive Income	531	479	608	(9.7%)	26.9%	7.0%
Total Comprehensive Loss for the year	(8,232)	(58,661)	(107,837)	612.6%	83.8%	261.9%
Loss Per Share				Change	Change	Change
Basic and Diluted Earnings Per Share from Main Operations	(1.33)	(0.89)	(1.64)	44.3	(75.0)	(30.7)
Basic and Diluted Earnings Per Share from Net Loss for the Period	(0.58)	(3.94)	(7.23)	(335.8)	(328.7)	(664.6)
Number of Shares	15,000	15,000	15,000	-	-	-
Sales Growth	(13.9%)	(0.9%)	(22.7%)	(13.1)	(21.8)	(8.8)
As a Percentage of Sales	:	:	:	percentage point	percentage point	percentage point
Gross (Loss) / Profit Margin	5.8%	9.6%	(7.2%)	3.8	(16.8)	(13.0)
Selling and Marketing Expenses	8.2%	6.7%	5.3%	(1.5)	(1.4)	(2.9)
General and Administrative Expenses	23.8%	22.5%	34.1%	(1.3)	11.6	10.3
Net Loss from Main Operations	(26.2%)	(17.7%)	(42.1%)	8.6	(24.4)	(15.9)
Net (Loss) / Profit Before Zakat	(7.5%)	(73.5%)	(182.9%)	(66.0)	(109.4)	(175.5)
Net Loss	(11.5%)	(78.2%)	(185.4%)	(66.7)	(107.3)	(173.9)

Source: Financial statements and management information.

The statement of profit or loss and other comprehensive income as of December 31, 2024G includes the results of operations of the Saudi Vitrified Clay Pipe Company and its subsidiaries (1) Saudi Land Factory for Cement Products (SLF) and (2) Laffan Pipes Company (collectively, the «Group»). Comparative figures for the financial years ending December 31, 2022G and 2023G represent

the results of operations of the Saudi Vitrified Clay Pipe Co. only, as the Saudi Vitrified Clay Pipe Co. acquired Saudi Land Factory for Cement Products (SLF) on February 6, 2024G, and established Laffan Pipes Company on June 3, 2024G.

Sales

Sales decreased from SAR 76.4 million in fiscal year 2022G to SAR 75.7 million in fiscal year 2023G due to a decrease in other sales of (SAR -1.7 million) and a decrease in sales of extensions and accessories of (SAR -1.1 million) between fiscal year 2022G and fiscal year 2023G, despite an increase in clay pipe sales of (SAR +2.1 million) during the same period.

While the sharp decline in sales to SAR 58.5 million in fiscal year 2024G is due to a decrease in clay pipe sales by (- SAR 19.7 million), a decrease in extensions and accessories sales by (- SAR 4.8 million), and a decrease in other sales by (- SAR 1.0 million), between fiscal year 2023G and 2024G, despite an increase in manhole sales (+ SAR 5.7 million) and concrete pipe sales (+ SAR 2.6 million) during the same period.

Gross (Loss)/Profit Margin

The gross profit margin increased from 5.8% in fiscal year 2022G to 9.6% in fiscal year 2023G, due to an increase in the profit margins of clay pipe products to 9.6% in fiscal year 2023G. This was due to an increase in the average selling price of the Company's clay pipe products by +2.4 SAR per meter between fiscal year 2022G and fiscal year 2023G. This increase was due to the Company increasing the selling price of some clay pipe products, in addition to a change in the mix of clay pipe products sold during fiscal year 2023G.

While the gross (loss)/profit margin level decreased to (-7.2%) in the fiscal year 2024G, due to the decrease in the gross (loss)/profit margins for clay pipe products to (-4.1%) in the fiscal year 2024G, as a result of the increase in the average cost of producing clay pipes from 63.3 Saudi Riyals per meter in the fiscal year 2023G to 92.3 Saudi Riyals per meter in the fiscal year 2024G. The increase in the average cost of production due to the significant decrease in the quantities produced as a result of reduced demand in the market from 59.2 thousand tons to 24.4 thousand tons between the fiscal year 2023G and the fiscal year 2024G compared to fixed costs, had a negative impact on the Company's profitability.

Moreover, the concrete pipes segment, represented by the acquisition of Saudi Vitrified Clay Pipe Company of Saudi Land Factory Company on February 6 of the fiscal year 2024G, contributed a loss margin of (-21.6%) during the same fiscal year due to the increase in average production costs, which began in the fourth quarter of the fiscal year 2024G.

Selling and Marketing Expenses

Selling and marketing expenses consist of shipping costs, sales staff salaries and benefits, and other selling and marketing expenses. Selling and marketing expenses decreased from SAR 6.3 million in fiscal year 2022G to SAR 5.0 million in fiscal year 2023G due to a decrease in shipping costs (-SAR 1.2 million) between fiscal year 2022G and fiscal year 2023G. Selling and marketing expenses also decreased to SAR 3.1 million in fiscal year 2024G due to a decrease in shipping costs (-SAR 2.0 million) between fiscal year 2023G and fiscal year 2024G, consistent with the decline in sales during the period under analysis.

General and Administrative Expenses

General and administrative expenses consist of salaries and benefits for management staff, professional fees and consultations, bonuses and allowances for Board members, and other general and administrative expenses. General and administrative expenses decreased from SAR 18.2 million in fiscal year 2022G to SAR 17.1 million in fiscal year 2023G due to a decrease in employee salaries and benefits expenses of (SAR -1.9 million), driven by a decrease in average monthly employee salaries and benefits of (SAR -14.1 thousand per employee), despite an increase in professional fees and consultations expenses of (SAR +493 thousand) and general expenses, allowances, and allowances for Board members of (SAR +104 thousand) during the same period.

In fiscal year 2024G, general and administrative expenses increased to SAR 20.0 million, due to an increase in professional consulting fees expenses of (SAR +1.3 million), an increase in employee salaries and benefits expenses of (SAR +825 thousand), and other general and administrative expenses of (SAR +739 thousand) between the fiscal year ending December 31, 2023G, and the fiscal year ending December 31, 2024G.

Provision for Expected Credit Loss

The expected credit loss provision represents management's view of how current and future economic conditions will affect the loss amount on the Company's trade receivables (IFRS 9). During the fiscal year ending December 31, 2023G, the Company reversed an allowance for expected credit losses of SAR 1.4 million and wrote off doubtful debts of SAR 3.0 million, reducing the expected credit loss allowance at the end of fiscal year 2023G to SAR 11.5 million as of December 31, 2023G. During fiscal year 2024G, the Company reversed an allowance for expected credit losses of SAR 2.6 million and wrote off doubtful debts of SAR 384,000, reducing the expected credit loss allowance at the end of fiscal year 2024G to SAR 8.4 million as of December 31, 2024G.

Finance Costs

Finance costs relate to employee benefits, lease liability interest, and loan interest. Finance costs increased from SAR 193 thousand in fiscal year 2022G to SAR 1.2 million in fiscal year 2023G, due to an increase in employee benefits by (SAR+ 937 thousand) in fiscal year 2023G and an increase in lease liability interest by (SAR +91 thousand) in the same year. Finance costs also increased to SAR 1.7 million in fiscal year 2024G, due to loan interest of SAR 662 thousand in fiscal year 2024G (nil in fiscal year 2023G). In addition, interest costs on lease liability increased from SAR 283 thousand in fiscal year 2023G to SAR 397 thousand in fiscal year 2024G, despite a decrease in employee benefits interest to SAR 674 thousand in the same fiscal year.

Other Income (Expenses)

Other income (expenses) relates to support from the Human Resources Development Fund, gains/(losses) from the sale of property, plant, and equipment, insurance compensation, compensation for termination of contracts with customers, and write-off of customer contract obligations. Other revenues decreased from SAR 14.5 million in fiscal year 2022G to SAR 5.4 million in fiscal year 2023G due to a decrease in the insurance compensation balance (-SAR 13.1 million), despite an increase in compensation revenue for termination of contracts with customers by (+SAR 3.4 million) between fiscal year 2022G and fiscal year 2023G. In fiscal year 2024G, other revenues decreased to (-SAR 411 thousand) due to a decrease in compensation revenue for termination of contracts with customers by (-SAR 3.4 million) and a decrease in the balance of bank deposit interest income by (-SAR 854 thousand) between fiscal year 2023G and fiscal year 2024G.

Impairment losses on property, plant, and equipment

Impairment losses on property, plant, and equipment amounted to SAR 46.4 million for the fiscal year 2023G and SAR 80.2 million for the fiscal year 2024G (nil for the fiscal year ending December 31, 2022G). These losses resulted from the Company's incurred losses during fiscal year 2024G and prior years, which led to an impairment of property, plant, and equipment. Accordingly, the Company's management tested the value of property, plant, and equipment to determine its recoverable value and compare it with its carrying value. This resulted in accumulated impairment losses on property, plant, and equipment amounting to (- SAR 126.7 million).

6-7-1-1 Sales by Geographic Distribution

The following table shows sales and geographical distribution for the fiscal years ending December 31, 2022G, 2023G, and 2024G:

Table No. (49): Sales and geographical distribution for the fiscal years ending December 31, 2022G, 2023G, and 2024G

Sales by geographic distribution						
SAR'000	Fiscal year 2022G	Fiscal year 2023G	Fiscal year 2024G	Change between fiscal year 2022G-2023G	Change between fiscal year 2023G-2024G	Compounded growth rate 2022G-2024G
Sales within the Kingdom of Saudi Arabia	72,959	68,506	53,589	(6.1%)	(21.8%)	(14.3%)
Sales outside the Kingdom of Saudi Arabia	3,391	7,168	4,898	111.4%	(31.7%)	20.2%
Total Sales	76,350	75,675	58,487	(0.9%)	(22.7%)	(12.5%)
As a Percentage of Sales			percentage point	percentage point	percentage point	
Sales within the Kingdom of Saudi Arabia	95.6%	90.5%	91.6%	(5.0)	1.1	(3.9)
Sales outside the Kingdom of Saudi Arabia	4.4%	9.5%	8.4%	5.0	(1.1)	3.9

Source: Financial statements and Management Information.

Sales within the Kingdom of Saudi Arabia

Saudi Vitriified Clay Pipe Company's sales are concentrated within the Kingdom of Saudi Arabia. Sales within the Kingdom accounted for 91.6% of the Company's total sales in fiscal year 2024G, while sales outside the Kingdom of Saudi Arabia accounted for 8.4% of the Company's total sales in fiscal year 2024G.

Sales within Kingdom of Saudi Arabia decreased from SAR 73.0 million in fiscal year 2022G to SAR 68.5 million in fiscal year 2023G due to a decrease in sales in the Central Region by (-SAR 5.1 million) and a decrease in sales in the Northern Region by (-SAR 1.4 million), despite an increase in sales in the Southern Region by SAR 2.4 million between fiscal years 2022G and 2023G. The decrease in sales within Saudi Arabia to SAR 53.4 million in fiscal year 2024G is due to a decrease in sales in the Western Region (-SAR 10.0 million) and sales in the Central Region (-SAR 2.9 million) between fiscal years 2023G and 2024G.

Sales outside the Kingdom of Saudi Arabia

Sales outside the Kingdom of Saudi Arabia increased from SAR 3.4 million in fiscal year 2022G to SAR 7.2 million in fiscal year 2023G, driven by an increase in sales to Belgium of (SAR +2.5 million). The decrease in sales outside the Kingdom of Saudi Arabia, which amounted to SAR 4.9 million in fiscal year 2024G, was due to a decrease in sales to Belgium of (-SAR 939 thousand), a decrease in sales to Egypt of (-SAR 589 thousand), and a decrease in sales to Germany of (-SAR 563 thousand) between fiscal year 2023G and fiscal year 2024G.

6-7-1-2 Sales by company's main activity

The following table shows sales by main activity of the Company for the fiscal years ending December 31, 2022G, 2023G, and 2024G:

Table No. (50): Sales by activity for the fiscal years ending December 31, 2022G, 2023G, and 2024G

Sales by activity						
SAR'000	Fiscal year 2022G	Fiscal year 2023G	Fiscal year 2024G	Change between fiscal year 2022G-2023G	Change between fiscal year 2023G-2024G	Compounded growth rate 2022G-2024G
Clay Pipe segment	76,350	75,675	50,195	(0.9%)	(33.7%)	(18.9%)
Concrete Pipe segment	N/A	N/A	8,292	N/A	N/A	N/A
Total Sales	76,350	75,675	58,487	(0.9%)	(22.7%)	(12.5%)
As a Percentage of Total Sales				percentage point	percentage point	percentage point
Clay Pipe segment	100.0%	100.0%	85.8%	-	(14,2)	(14,2)
Concrete Pipe segment	None	None	14.2%	N/A	N/A	N/A

Source: Management Information.

Note: The plastic pipe segment is not included in the table above due to the initiation of sales operations has not yet started. Production and sales are expected to commence in the fourth quarter of 2025.

The Company's main activity consists of segments that include the production of clay and concrete pipes.

Revenues in the clay pipe segment are generated through the manufacture and sale of (1) clay pipes, (2) extensions and accessories, and (3) other revenues related to shipping and clearance services related to the Company's sales to foreign countries. Clay pipe sales accounted for 71.0% of the Company's total sales in fiscal year 2024G, while extensions, accessories, and other revenues accounted for 28.7% and 0.2%, respectively, of total sales for fiscal year 2024G.

Sales in the clay pipe segment decreased from SAR 76.4 million in fiscal year 2022G to SAR 75.7 million in fiscal year 2023G, due to a decrease in other sales of (SAR -1.7 million) and a decrease in sales of extensions and accessories of (-SAR 1.1 million), despite a rise in clay pipe sales of (SAR +2.1 million) during the same year.

Sales in the clay pipe segment also decreased to SAR 50.2 million in fiscal year 2024G, primarily due to a decrease in clay pipe sales of (-SAR 19.7 million) and a decrease in sales of extensions and accessories of (- SAR 4.8 million) between fiscal year 2023G and fiscal year 2024G.

Concrete pipes segment sales reached SAR 8.3 million in fiscal year 2024G. Saudi Land Factory for Cement Products (SLF) commenced trial operations for the production and sale of concrete pipes in fiscal year 2023G, while manholes production and sale commenced during fiscal year 2024G.

Manhole sales contributed SAR 5.7 million to the segment's total sales in fiscal year 2024G, through the sale of 15.8 thousand tons of manholes at an average selling price of SAR 359.9 per manhole and a gross loss margin of (-26.7%) during the same fiscal year. Concrete pipe sales contributed SAR 2.6 million to the segment's total sales in fiscal year 2024G, through the sale of 4.4 thousand tons of concrete pipes at an average selling price of SAR 596.1 per ton and a gross loss margin of (-25.2%) during the same fiscal year.

6-7-1-3 Sales and (loss)/gross profit of the Saudi Vitrified Clay Pipe Company and its subsidiaries by segment

The following table shows the sales and (loss)/gross profit of the Saudi Vitrified Clay Pipe Company and its subsidiaries by segment for the fiscal years 2022G, 2023G, and 2024G.

Table No. (51) Sales and (loss) / gross profit of the Saudi Vitrified Clay Pipe Company and its subsidiaries by sector for the fiscal years 2022G, 2023G, and 2024G.

Sales and (loss)/gross profit of Saudi Vitrified Clay Pipe Company and its subsidiaries						
SAR'000	Fiscal year 2022G	Fiscal year 2023G	Fiscal year 2024G	Change between fiscal year 2022G-2023G	Change between fiscal year 2023G-2024G	Compounded growth rate 2022G-2024G
Sales:						
Clay Pipes Sector – Saudi Vitrified Clay Pipe Company	76,350	75,675	50,195	(0.9%)	(33.7%)	(18.9%)
Concrete Pipes Sector - Saudi Land Factory for Cement Products (SLF)	N/A	N/A	8,292	N/A	N/A	N/A
Plastic Pipes Sector - Laffan Pipes Company	N/A	N/A	-	N/A	N/A	N/A
Total Sales	76,350	75,675	58,487	(0.9%)	(22.7%)	(12.5%)
Cost of Sales:						
Clay Pipes Sector – Saudi Vitrified Clay Pipe Company	(71,935)	(68,397)	(52,292)	(4.9%)	(23.5%)	(14.7%)
Concrete Pipes Sector - Saudi Land Factory for Cement Products (SLF)	N/A	N/A	(10,465)	N/A	N/A	N/A
Plastic Pipes Sector - Laffan Pipes Company	N/A	N/A	-	N/A	N/A	N/A
Total Cost of Sales:	(71,935)	(68,397)	(62,757)	(4.9%)	(8.2%)	(6.6%)
(Loss) / Gross Profit						
Clay Pipes Sector – Saudi Vitrified Clay Pipe Company	4,415	7,278	(2,097)	64.9%	(128.8%)	N/A
Concrete Pipes Sector - Saudi Land Factory for Cement Products (SLF)	N/A	N/A	(2,173)	N/A	N/A	N/A
Plastic Pipes Sector - Laffan Pipes Company	N/A	N/A	-	N/A	N/A	N/A
Gross (Loss) / Profit	4,415	7,278	(4,270)	64.9%	(158.7%)	N/A
As a percentage of total sales				percentage point	percentage point	percentage point
Clay Pipes Sector – Saudi Vitrified Clay Pipe Company	100.0%	100.0%	85.8%	-	(14.2)	(14.2)
Concrete Pipes Sector - Saudi Land Factory for Cement Products (SLF)	N/A	N/A	14.2%	N/A	N/A	N/A
Plastic Pipes Sector - Laffan Pipes Company	N/A	N/A	0.0%	N/A	N/A	N/A
Gross (Loss) / Profit Margin				percentage point	percentage point	percentage point

Sales and (loss)/gross profit of Saudi Vitrified Clay Pipe Company and its subsidiaries						
SAR'000	Fiscal year 2022G	Fiscal year 2023G	Fiscal year 2024G	Change between fiscal year 2022G-2023G	Change between fiscal year 2023G-2024G	Compounded growth rate 2022G-2024G
Clay Pipes Sector – Saudi Vitrified Clay Pipe Company	5.8%	9.6%	(4.2%)	3.8	(13.8)	(10.0)
Concrete Pipes Sector - Saudi Land Factory for Cement Products (SLF)	N/A	N/A	(26.2%)	N/A	N/A	N/A
Plastic Pipes Sector - Laffan Pipes Company	N/A	N/A	N/A	N/A	N/A	N/A

Source: Management Information.

In the fiscal year 2024G, the Saudi Vitrified Clay Pipe Company generates its revenues through three main segments: (1) the clay pipes segment, which is limited to the Saudi Vitrified Clay Pipe Company, (2) the concrete pipes segment, which is limited to the Saudi Land Factory for Cement Products (SLF) (a subsidiary), and (3) the plastic pipes segment, which is limited to the Laffan Pipes Company (a subsidiary). The Saudi Vitrified Clay Pipe Company acquired the Saudi Land Factory for Cement Products (SLF) on February 6, 2024G, and established Laffan Pipes Company on June 3, 2024G, with the aim of diversifying the Company's products and increasing its sales.

Clay Pipes segment – Saudi Vitrified Clay Pipe Company

As of December 31, 2024G, the Clay Pipes segment generates its revenues from the manufacture and sale of (1) clay pipes, (2) extensions and accessories, and (3) other revenues related to shipping and clearance services related to the Company's sales to foreign countries. Clay pipe sales accounted for 71.0% of the Company's total sales in fiscal year 2024G, while extensions, accessories, and other revenues accounted for 28.7% and 0.2%, respectively, of total sales for fiscal year 2024G.

Sales in the clay pipe segment decreased from SAR 76.4 million in fiscal year 2022G to SAR 75.7 million in fiscal year 2023G, due to a decrease in other sales of (-SAR 1.7 million), in addition to a decrease in sales of extensions and accessories of (-SAR 1.1 million), despite a rise in clay pipe sales of (SAR +2.1 million) during the same year.

Sales in the clay pipe segment also decreased to SAR 50.2 million in fiscal year 2024G, due to a decrease in clay pipe sales of (-SAR 19.7 million), in addition to a decrease in sales of extensions and accessories of (-SAR 4.8 million) between fiscal year 2023G and fiscal year 2024G.

The gross profit margin for the clay pipe segment increased from 5.8% in fiscal year 2022G to 9.6% in fiscal year 2023G. This increase is primarily due to an increase in the profit margins of clay pipe products to 9.6% in fiscal year 2023G. This increase is due to an increase in the average selling price of the Company's clay pipe products by SAR 2.4 per meter between fiscal year 2022G and fiscal year 2023G. This increase was a result of the Company increasing the selling price of some clay pipe products, in addition to a change in the mix of clay pipe products sold during fiscal year 2023G.

While the clay pipes segment witnessed a significant decline in gross profit margin, falling to (-4.2%) in fiscal year 2024G, as a result of the decline in clay pipes product profit margins from 9.6% in fiscal year 2023G to (-4.1%) in fiscal year 2024G, as well as the decline in profit margins for extensions and accessories products from 4.3% in fiscal year 2023G to (-5.3%) in fiscal year 2024G. The increase in average production costs due to the significant decline in production quantities (-34.8 thousand tons) compared to fixed costs, negatively impacted the Company's profitability.

Concrete Pipes segment - Saudi Land Factory for Cement Products (SLF)

In fiscal year 2024G, Saudi Land Factory for Cement Products (SLF) generates its revenues from the manufacture and sale of (1) manholes and (2) concrete pipes. Manhole sales accounted for 68.4% of the Company's total sales in fiscal year 2024G, while concrete pipe sales accounted for 31.6% of the Company's total sales in fiscal year 2024G.

Sales from the concrete pipes segment amounted to SAR 8.3 million in fiscal year 2024G. Saudi Land Factory for Cement Products (SLF) commenced its trial operations of producing and selling concrete pipes in fiscal year 2023G, while it commenced its trial operations of producing and selling manholes during fiscal year 2024G.

Manhole sales contributed SAR 5.7 million to the sector's total sales in fiscal year 2024G, selling 15.8 thousand tons of manholes at an average selling price of SAR 359.9 per manhole and a gross loss margin of (-26.7%) during the same fiscal year. Concrete pipe sales contributed SAR 2.6 million to the sector's total sales in fiscal year 2024G, selling 4.4 thousand tons of concrete pipes at an average selling price of SAR 596.1 per ton and a gross loss margin of (-25.2%) during the same fiscal year.

Plastic Pipes Sales - Laffan Pipes Company

On June 3, 2024G, the Saudi Vitrified Clay Pipe Company established Laffan Pipes Company, a limited liability company with a capital of 500,000 Saudi Riyals. This subsidiary has not engaged in any of the activities listed in the commercial register from the date of its incorporation until the end of the fiscal year 2024G.

6-7-1-4 Statement of profit or loss and other comprehensive income for the clay pipes segment for the fiscal years 2022G, 2023G and 2024G.

Table No.(52): Statement of profit or loss and other comprehensive income for the clay pipes segment

Statement of profit or loss and other comprehensive income for the clay pipes segment – Saudi Vitrified Clay Pipe Company						
SAR'000	Fiscal Year 2022G audited	Fiscal year 2023G adjusted	Fiscal Year 2024G audited	Change between fiscal year 2022G-2023G	Change between fiscal year 2023G-2024G	Compounded growth rate 2022G-2024G
Sales	76,350	75,675	50,195	(0.9%)	(33.7%)	(18.9%)
Cost of Sales	(71,935)	(68,397)	(52,292)	(4.9%)	(23.5%)	(14.7%)
Gross (Loss) / Profit	4,415	7,278	(2,097)	64.9%	(128.8%)	None
Selling and Marketing Expenses	(6,251)	(5,034)	(3,076)	(19.5%)	(38.9%)	(29.9%)
General and Administrative Expenses	(18,178)	(17,051)	(18,012)	(6.2%)	5.6%	(0.5%)
Reversal of Allowance for Expected Credit Losses	-	1,441	2,637	None	83.0%	None
Net Loss for the Year from Main Operations	(20,014)	(13,366)	(20,547)	(33.2%)	53.7%	1.3%
Finance Costs	(193)	(1,220)	(1,212)	533.4%	(0.7%)	150.8%
Other Income	14,486	5,378	377	(62.9%)	(93.0%)	(83.9%)
Impairment Losses on Property, Plant and Equipment	-	(46,414)	(80,238)	None	72.9%	None
Share of Results of Subsidiaries	-	-	(5,384)	None	None	None
Net (Loss) / Profit for the Year Before Zakat	(5,721)	(55,621)	(107,003)	872.3%	92.4%	332.5%
Zakat Expense	(3,042)	(3,519)	(1,446)	15.7%	(58.9%)	(31.1%)
Net Loss for the Year	(8,763)	(59,140)	(108,449)	574.9%	83.4%	251.8%

Statement of profit or loss and other comprehensive income for the clay pipes segment – Saudi Vitrified Clay Pipe Company						
SAR'000	Fiscal Year 2022G audited	Fiscal year 2023G adjusted	Fiscal Year 2024G audited	Change between fiscal year 2022G-2023G	Change between fiscal year 2023G-2024G	Compounded growth rate 2022G-2024G
Other Comprehensive Income				:	:	:
Items that will not be subsequently reclassified to the Statement of Profit or Loss				None	None	None
Gain on Remeasurement of Defined Benefit Plan Obligations	531	479	612	(9.7%)	27.7%	7.4%
Total Other Comprehensive Income	531	479	612	(9.7%)	27.7%	7.4%
Total Comprehensive Loss	(8,232)	(58,661)	(107,837)	612.6%	83.8%	261.9%
Loss per Share				Change	Change	Change
Basic and Diluted Earnings Per Share from Net Loss from Main Operations	(1.33)	(0.89)	(1.37)	0.4	(0.5)	0.0
Basic and Diluted Earnings Per Share from Net Loss for the Period	(0.58)	(3.94)	(7.23)	(3.4)	(3.3)	(6.6)
Number of Shares	15,000	15,000	15,000	-	-	-
Sales Growth	None	(0.9%)	(33.7%)	None	(32.8)	None
As a Percentage of Sales				percentage point	percentage point	percentage point
Gross (Loss) / Profit Margin	5.8%	9.6%	(4.2%)	3.8	(13.8)	(10.0)
Selling and Marketing Expenses	8.2%	6.7%	6.1%	(1.5)	(0.5)	(2.1)
General and Administrative Expenses	23.8%	22.5%	35.9%	(1.3)	13.4	12.1
Net Loss for the Year from Main Operations	(26.2%)	(17.7%)	(40.9%)	8.6	(23.3)	(14.7)
Net (Loss) / Profit for the Year Before Zakat	(7.5%)	(73.5%)	(213.2%)	(66.0)	(139.7)	(205.7)
Net Loss for the Year	(11.5%)	(78.2%)	(216.1%)	(66.7)	(137.9)	(204.6)

Source: Financial statements and management information.

Sales

Sales decreased from SAR 76.4 million in fiscal year 2022G to SAR 75.7 million in fiscal year 2023G, due to a decrease in other revenues of -SAR 1.7 million and a decrease in sales of extensions and accessories of -SAR 1.1 million between fiscal year 2022G and fiscal year 2023G, despite a +SAR 2.1 million increase in clay pipe sales during the same period. Meanwhile, sales in the clay pipe segment decreased to SAR 50.2 million in fiscal year 2024G, due to a decrease in clay pipe sales of -SAR 19.7 million and a decrease in sales of extensions and accessories of -SAR 4.8 million during the same fiscal year.

Gross (Loss)/Profit Margin

The Clay Pipes segment witnessed an increase in its gross (Loss)/Profit Margin, rising from 5.8% in fiscal year 2022G to 9.6% in fiscal year 2023G. This increase was primarily due to an increase in the profit margins of clay pipe products from 2.1% in fiscal year 2022G to 9.6% in fiscal year 2023G, as well as an increase in the profit margins of extensions and accessories products from 2.1% in fiscal year 2022G to 4.3% in fiscal year 2023G. This increase was a result of the Company increasing the selling price of some clay pipe products, in addition to a change in the mix of pipe products sold during fiscal year 2023G.

During fiscal year 2024G, the clay pipes sector witnessed a significant decrease in the total (loss)/profit margin, falling to (-4.2%) in fiscal year 2024G. This decline was primarily due to a decrease in the profit margins of extensions and accessories products to (-5.3%) in fiscal year 2024G, as well as a decrease in the profit margins of clay pipes products to (-4.1%) in fiscal year 2024G. The increase in average production costs due to the significant decrease in production quantities (-34.8 thousand tons) compared to fixed costs, negatively impacted the Company's profitability.

Selling and Marketing Expenses

Selling and marketing expenses consist of shipping expenses, sales staff salaries and benefits, and other selling and marketing expenses. Selling and marketing expenses decreased from SAR 6.3 million in fiscal year 2022G to SAR 5.0 million in fiscal year 2023G due to a decrease in shipping expenses of (- SAR 1.2 million) between fiscal year 2022G and fiscal year 2023G. Selling and marketing expenses decreased to SAR 3.1 million in fiscal year 2024G due to a decrease in shipping expenses (-SAR 2.0 million) between fiscal year 2023G and fiscal year 2024G, consistent with the decrease in sales during the same period.

General and administrative expenses

General and administrative expenses consist of salaries and benefits of management employees, bonuses and allowances for members of the Board of Directors, professional fees and consultations, depreciation of the right to use assets, banking expenses, and other general and administrative expenses. General and administrative expenses decreased from SAR 18.2 million in fiscal year 2022G to SAR 17.1 million in fiscal year 2023G, due to a decrease in salaries and benefits expenses for management employees by (-SAR 1.9 million) as a result of a decrease in the average monthly salaries and benefits of employees by (-SAR 14.1 thousand per employee) between fiscal year 2022G and fiscal year 2023G.

While general and administrative expenses increased to SAR 18.0 million in fiscal year 2024G due to an increase in professional fees and consulting expenses by (+SAR 1.1 million) and an increase in other general and administrative expenses by (+SAR 343 thousand), despite a decrease in employee salaries and benefits by (-SAR 334 thousand) and insurance and medical expenses by (-SAR 66 thousand) between fiscal year 2023G and fiscal year 2024G.

Expected Credit Loss Allowance

The expected credit loss allowance account represents the Company's management's view of how current and future economic conditions will affect the amount of losses on the Company's trade receivables (IFRS 9). During the fiscal year ending December 31, 2023G, the Company reversed an allowance for expected credit losses of SAR 1.4 million and wrote off doubtful debts of SAR 3.0 million, reducing the expected credit loss allowance at the end of fiscal year 2023G to SAR 11.5 million as of December 31, 2023G. During fiscal year 2024G, the Company reversed an allowance for expected credit losses of SAR 2.6 million and wrote off doubtful debts of SAR 384,000, reducing the expected credit loss allowance at the end of fiscal year 2024G to SAR 8.4 million as of December 31, 2024G.

Finance Costs

Finance costs relate to employee benefits, lease obligations, and loan interest. Finance costs increased from SAR 193 thousand in fiscal year 2022G to SAR 1.2 million in fiscal year 2023G, due to an increase in employee benefits of (+SAR 937 thousand) in fiscal year 2023G. Finance costs decreased slightly by (-SAR 8 thousand) in fiscal year 2024G, due to a decrease in employee benefits of (-SAR 264 thousand), despite a rise in loan interest of (+SAR 254 thousand) between fiscal year 2023G and fiscal year 2024G.

Other Income

Other revenues relate to support from the Human Resources Development Fund, gains/(losses) from the sale of property, plant, and equipment, insurance compensation, compensation for the termination of customer contracts, and the write-off of customer contract obligations. Other revenues decreased from SAR 14.5 million in fiscal year 2022G to SAR 5.4 million in fiscal year 2023G due to a

decrease in the insurance compensation balance from SAR 13.1 million in fiscal year 2022G to nothing in fiscal year 2023G, despite an increase in compensation revenue for the termination of customer contracts from nothing to SAR 3.4 million between fiscal year 2022G and fiscal year 2023G.

Other revenues also decreased to (SAR 377 thousand) in the fiscal year 2024G, as a result of the compensation amount that the Company received from the National Water Company (- SAR 3.4 million) as compensation for the Company's termination of the remaining value of contracts in favor of SVCP Company during the fiscal year 2023G, while the Company did not receive any amounts as compensation for terminating contracts with customers during the fiscal year 2024G.

Impairment losses on property, plant, and equipment

Impairment losses on property, plant, and equipment amounted to SAR 46.4 million for the fiscal year 2023G and SAR 80.2 million for the fiscal year 2024G (nil for the fiscal year ending December 31, 2022G). These losses resulted from the Company's incurred losses during fiscal year 2024G and prior years, which led to an impairment of property, plant, and equipment. Accordingly, the Company's management tested the value of property, plant, and equipment to determine its recoverable value and compare it with its carrying value. This resulted in accumulated impairment losses on property, plant, and equipment amounting to (-SAR 126.7 million).

The Company's share of the operating results of its subsidiaries

The Company's share of the results of its subsidiaries' operations, which relates to the profits and losses of the Saudi Vitrified Clay Pipe Company from its investment in the Saudi Land Factory for Cement Products (SLF) (a 100% shares purchased in February 2024G) and Laffan Pipes Company (incorporated on June 30, 2024G), where the Company's share of the results of its subsidiaries' operations amounted to (- SAR 5.4 million) for the fiscal year ending December 31, 2024G, resulting from the Clay Company's share in the losses incurred by the Saudi Land Factory for Cement Products (SLF) and Laffan Pipes Company during the fiscal year 2024G.

6-7-1-5 Sales and gross profit of the clay pipes segment by product type

The following table shows the sales and gross profit of the clay pipes segment by product type for the fiscal years ending December 31, 2022G, 2023G, and 2024G:

Table No. (53): Sales and gross profit of the clay pipes segment by product type for the fiscal years ending December 31, 2022G, 2023G, and 2024G

Sales and (Loss)/Gross Profit of the Clay Pipes segment- Saudi Vitrified Clay Pipe Company by type						
SAR'000	Fiscal year 2022G	Fiscal year 2023G	Fiscal year 2024G	Change between fiscal year 2022G-2023G	Change between fiscal year 2023G-2024G	Compounded growth rate 2022G-2024G
Sales:						
Pipes	53,234	55,346	35,658	4.0%	(35.6%)	(18.2%)
Extensions and Accessories	20,266	19,197	14,415	(5.3%)	(24.9%)	(15.7%)
Other	2,850	1,132	122	(60.3%)	(89.2%)	(79.3%)
Total Sales	76,350	75,675	50,195	(0.9%)	(33.7%)	(18.9%)
Cost of Sales:						
Pipes	(52,095)	(50,031)	(37,113)	(4.0%)	(25.8%)	(15.6%)
Extensions and Accessories	(19,840)	(18,366)	(15,179)	(7.4%)	(17.4%)	(12.5%)
Other	-	-	-	None	None	None

Sales and (Loss)/Gross Profit of the Clay Pipes segment- Saudi Vitrified Clay Pipe Company by type						
SAR'000	Fiscal year 2022G	Fiscal year 2023G	Fiscal year 2024G	Change between fiscal year 2022G-2023G	Change between fiscal year 2023G-2024G	Compounded growth rate 2022G-2024G
Total Cost of Sales	(71,935)	(68,397)	(52,292)	(4.9%)	(23.5%)	(14.7%)
(Loss) / Gross Profit						
Pipes	1,139	5,315	(1,455)	366.7%	(127.4%)	None
Extensions and Accessories	426	831	(764)	95.2%	(191.9%)	None
Other	2,850	1,132	122	(60.3%)	(89.2%)	(79.3%)
Gross (Loss) / Profit	4,415	7,278	(2,097)	64.9%	(128.8%)	None
As a percentage of total sales				percentage point	percentage point	percentage point
Pipes	69.7%	73.1%	71.0%	3.4	(2.1)	1.3
Extensions and Accessories	26.5%	25.4%	28.7%	(1.2)	3.4	2.2
Other	3.7%	1.5%	0.2%	(2.2)	(1.3)	(3.5)
Gross Margin (Loss) / Profit				percentage point	percentage point	percentage point
Pipes	2.1%	9.6%	(4.1%)	7.5	(13.7)	(6.2)
Extensions and Accessories	2.1%	4.3%	(5.3%)	2.2	(9.6)	(7.4)
Other	100.0%	100.0%	100.0%	-	-	-
Key Performance Indicators						
Quantity Sold						
Pipes (Thousands of Meters)	787	790	402	3	(388)	(385)
Extensions and Accessories (Thousands of Pieces)	258	235	159	(23)	(76)	(99)
Average Selling Price						
Pipes (Saudi Riyals per Meter)	67.6	70.1	88.7	2.4	18.6	21.0
Extensions and Accessories (Saudi Riyals per Piece)	78.6	81.7	90.7	3.1	9.0	12.0
Average Production Cost						
Pipes (Saudi Riyals per Meter)	66.2	63.3	92.3	(2.9)	29.0	26.0
Extensions and Accessories (Saudi Riyals per Piece)	76.9	78.2	95.5	1.3	17.3	19.0

Source: Management Information.

Clay Pipes

Clay pipe sales increased slightly from SAR 53.2 million in fiscal year 2022G to SAR 55.3 million in fiscal year 2023G, driven by a slight increase in sales volume from 787,000 meters in fiscal year 2022G to 790 thousand meters in fiscal year 2023G. The gross profit margin for clay pipes also increased from 2.1% in fiscal year 2022G to 9.6% in fiscal year 2023G, driven by an increase in the average selling price of clay pipes from SAR 67.6 per meter in fiscal year 2022G to SAR 70.1 per meter in fiscal year 2023G. This increase was

due to a change in the mix of clay pipes sold, in terms of size and diameter, and management raising the prices of some clay pipe products during fiscal year 2023G.

During fiscal year 2024G, clay pipe sales decreased to SAR 35.7 million, due to a decrease in the volume of sold quantities to 402 thousand meters in fiscal year 2024G. The gross profit margin for clay pipes also decreased to (-4.1%) in fiscal year 2024G, due to an increase in the average cost of producing clay pipes from SAR 63.3 per meter in fiscal year 2023G to SAR 92.3 per meter in fiscal year 2024G. Despite an increase in the average selling price of clay pipes by (+ SAR 18.6) per meter during the same fiscal year, this was due to a significant decrease in the quantities produced from 59.2 thousand tons to 24.4 thousand tons compared to fixed costs, which had a negative impact on the Company's profitability from clay pipe sales.

Extensions and Accessories

Extensions and accessories sales decreased from SAR 20.3 million in fiscal year 2022G to SAR 19.2 million in fiscal year 2023G due to a decrease in the quantity sold from 258 thousand units in fiscal year 2022G to 235 thousand units in fiscal year 2023G. While the gross profit margin for extensions and accessories increased from 2.1% in fiscal year 2022G to 4.3% in fiscal year 2023G, due to an increase in the average selling price of extensions and accessories from SAR 78.6 per unit in fiscal year 2022G to SAR 81.7 per unit in fiscal year 2023G.

During fiscal year 2024G, sales of extensions and accessories decreased by SAR 14.4 million, due to a decrease in the volume of sold items to 159 thousand units in fiscal year 2024G, as a result of lower demand during the same period. The gross profit margin for extensions and accessories also decreased to -5.3% in fiscal year 2024, despite an increase in the average selling price of extensions and accessories by (+SAR 9.0 per unit). This was due to an increase in the average cost of producing extensions and accessories to SAR 95.5 per unit in fiscal year 2024G, due to a significant decrease in production quantities (-34.8 thousand tons) compared to fixed costs, which had a negative impact on the Company's profitability from extensions and accessories sales.

Other Income

During the period under analysis, other revenues related to shipping and clearance services related to the Company's sales to foreign countries decreased, commensurate with the decline in the Company's sales to foreign countries. These revenues decreased from SAR 2.9 million in fiscal year 2022G to SAR 1.1 million in fiscal year 2023G and SAR 122 thousand in fiscal year 2024G.

6-7-1-6 Statement of profit or loss and other comprehensive income for the concrete pipes segment for the fiscal years 2023G and 2024G.

The following table shows the statement of profit or loss and other comprehensive income for the concrete pipes segment:

Table No. (54): Statement of profit or loss and other comprehensive income for the concrete pipes segment

Statement of profit or loss and other comprehensive income for the concrete pipes segment - Saudi Land Factory for Cement Products (SLF)						
SAR'000	Fiscal year 2022G	Fiscal year 2023G adjusted	Fiscal year 2024G audited	Change between fiscal year 2022G-2023G	Change between fiscal year 2023G-2024G	Compounded growth rate 2022G-2024G
Sales	N/A	840	8,292	N/A	887.0%	N/A
Cost of Sales	N/A	(2,916)	(10,465)	N/A	258.9%	N/A
Gross Loss	N/A	(2,075)	(2,173)	N/A	4.7%	N/A
General and Administrative Expenses	N/A	(801)	(1,712)	N/A	113.8%	N/A
Selling and Marketing Expenses	N/A	-	(2)	N/A	None	N/A

Statement of profit or loss and other comprehensive income for the concrete pipes segment - Saudi Land Factory for Cement Products (SLF)						
Net Loss from Main Operations	N/A	(2,876)	(3,887)	N/A	35.1%	N/A
Finance Costs	N/A	(577)	(502)	N/A	(13.1%)	N/A
Other Income (Expenses)	N/A	638	(788)	N/A	(223.6%)	N/A
Net (Loss) for the Year Before Zakat	N/A	(2,815)	(5,176)	N/A	83.9%	N/A
Zakat	N/A	(14)	0	N/A	(100.2%)	N/A
Net Loss for the Year	N/A	(2,829)	(5,176)	N/A	83.0%	N/A
Other Comprehensive Income	N/A			N/A	:	N/A
Remeasurement of Net Defined Benefit Liabilities	N/A	(1)	(4)	N/A	628.8%	N/A
Other Comprehensive Loss	N/A	(1)	(4)	N/A	628.8%	N/A
Total Comprehensive Loss for the Year	N/A	(2,830)	(5,180)	N/A	83.1%	N/A
Sales Growth	N/A	N/A	887.0%	N/A	N/A	N/A
As a Percentage of Sales				percentage point	percentage point	percentage point
Gross Loss Margin	None	(247.0%)	(26.2%)	None	220.8	None
General and Administrative Expenses	None	95.3%	20.6%	None	(74.7)	None
Selling and Marketing Expenses	None	0.0%	0.0%	None	0.0	None
Net (Loss) for the Year Before Zakat	None	(335.1%)	(62.4%)	None	272.7	None
Total Comprehensive Loss for the Year	None	(336.8%)	(62.5%)	None	274.3	None

Source: Financial statements and management information.

Sales

Sales of the Saudi Land Factory for Cement Products (SLF)'s (a subsidiary) concrete pipe segment increased from SAR 840 thousand in fiscal year 2023G to SAR 8.3 million in fiscal year 2024G. This was due to the Company's commencement of sales of manhole products during fiscal year 2024G, which generated SAR 5.7 million of total sales for fiscal year 2024G. Concrete pipe sales also increased from SAR 840 thousand to SAR 2.6 million during the same year.

Gross Loss Margin

The gross loss margin for the concrete pipes segment reached (-26.2%) in fiscal year 2024G, as the Company commenced its core operations during fiscal year 2024G, with higher fixed costs compared to production volume negatively impacting the segment's profitability. Concrete pipes achieved a loss margin of (-25.2%) in fiscal year 2024G, selling 4.4 thousand tons of concrete pipes at an average selling price of SAR 596.1 per ton. Manhole products also achieved a gross loss margin of (-26.7%) during the same fiscal year, selling 15.8 thousand tons of manholes at an average selling price of SAR 359.9 per ton.

Administrative and General Expenses

Administrative and general expenses relate to salaries, wages, and similar expenses, usage and depreciation expenses, government fees and subscriptions, office and management vehicle maintenance and repair expenses, and other administrative and general expenses. Administrative and general expenses increased from SAR 801 thousand in fiscal year 2023G to SAR 1.7 million in fiscal year 2024G, due to an increase in salaries and wages expenses from SAR 775 thousand in fiscal year 2023G to SAR 1.2 million in

fiscal year 2024G, in addition to an increase in government fees, subscriptions, and maintenance and repair expenses of SAR + 127 thousand and SAR + 103 thousand, respectively, in fiscal year 2024G (nil in fiscal year 2023G).

Selling and Marketing Expenses

Selling and marketing expenses amounted to SAR 2 thousand in fiscal year 2024G (nil in fiscal year 2023G).

Finance Costs

Finance costs relate to long-term loan interest, lease liabilities, and employee benefit plan liabilities. Finance costs decreased from SAR 577 thousand in fiscal year 2023G to SAR 502 thousand in fiscal year 2024G due to a decrease in long-term loan interest from SAR 471 thousand in fiscal year 2023G to SAR 408 thousand in fiscal year 2024G. In addition, lease liabilities decreased from SAR 105 thousand in fiscal year 2023G to SAR 92 thousand in fiscal year 2024G.

Other (Expenses)/Income

Other (Expenses)/Income decreased from SAR 638 thousand in fiscal year 2023G to (-SAR 788 thousand) in fiscal year 2024G.

Sales and (Loss)/Gross Profit of the Concrete Pipes segment by Product

The following table shows the sales and gross (loss)/profit of the concrete pipes segment by product for the fiscal years 2023G and 2024G:

Table No. (55): Sales and gross (loss) / profit for the concrete pipes segment by product for the fiscal years 2023G and 2024G

Sales and Gross (Loss)/ Profit of the Concrete Pipes Sector - Saudi Land Cement Products Factory Company by Type						
SAR'000	Fiscal year 2022G	Fiscal year 2023G	Fiscal year 2024G	Change between fiscal year 2022G-2023G	Change between fiscal year 2023G-2024G	Compounded growth rate 2022G-2024G
Sales:						
Manholes	N/A	-	5,669	N/A	N/A	N/A
Pipes	N/A	840	2,623	N/A	212.2%	N/A
Total Sales	N/A	840	8,292	N/A	887.0%	N/A
Cost of Sales:						
Manholes	N/A	-	(7,181)	N/A	None	N/A
Pipes	N/A	(2,916)	(3,284)	N/A	12.6%	N/A
Total Cost of Sales	N/A	(2,916)	(10,465)	N/A	258.9%	N/A
(Loss) / Gross Profit	N/A					N/A
Manholes	N/A	-	(1,511)	N/A	None	N/A
Pipes	N/A	(2,075)	(661)	N/A	(68.1%)	N/A
Total (Loss) / Profit	N/A	(2,075)	(2,173)	N/A	4.7%	N/A
As a percentage of total sales				percentage point	percentage point	percentage point
Manholes	N/A	0.0%	68.4%	N/A	68	N/A
Pipes	N/A	100.0%	31.6%	N/A	(68)	N/A

Sales and Gross (Loss)/ Profit of the Concrete Pipes Sector - Saudi Land Cement Products Factory Company by Type						
SAR'000	Fiscal year 2022G	Fiscal year 2023G	Fiscal year 2024G	Change between fiscal year 2022G-2023G	Change between fiscal year 2023G-2024G	Compounded growth rate 2022G-2024G
Gross Profit Margin Percentage				percentage point	percentage point	percentage point
Manholes	None	None	(26.7%)	None	None	None
Pipes	None	(247.0%)	(25.2%)	None	222	None
Key Performance Indicators						
Quantity Produced						
Manholes (thousands of tons)	None	None	16.9	None	None	None
Pipes (thousands of tons)	None	None	7.1	None	None	None
Quantity Sold						
Manholes (thousands of tons)	None	None	15.8	None	None	None
Pipes (thousands of tons)	None	None	4.4	None	None	None
Average Selling Price						
Manholes (Saudi Riyals per ton)	None	None	359.9	None	None	None
Pipes (Saudi Riyals per ton)	None	None	596.1	None	None	None
Average Cost of Production						
Manholes (Saudi Riyals per ton)	None	None	455.9	None	None	None
Pipes (Saudi Riyals per ton)	None	None	746.4	None	None	None

Source: Management Information.

As of December 31, 2024G, Saudi Land Factory Company generates its revenues from the manufacture and sale of (1) manholes and (2) concrete pipes. Manhole sales accounted for 68.4% of the Company's total sales in fiscal year 2024G, while concrete pipe sales accounted for 31.6% of the Company's total sales in fiscal year 2024G.

Saudi Land Factory Company's sales amounted to SAR 8.3 million in fiscal year 2024G. The Company commenced its trial operations of producing and selling concrete pipes in fiscal year 2023G, while its trial operations of producing and selling manholes commenced during fiscal year 2024G.

Manholes

Manholes's sales amounted to SAR 5.7 million of the Company's total sales in fiscal year 2024G, through the sale of 15.8 thousand tons of Manholes at an average selling price of SAR 359.9 per ton and a gross loss margin of (-26.7%) during the same fiscal year.

Concrete Pipes

Concrete pipe sales contributed SAR 2.6 million to the Company's total sales in fiscal year 2024G, with 4.4 thousand tons of concrete pipes sold at an average selling price of SAR 596.1 per ton and a gross loss margin of (-25.2%) during the same fiscal year.

6-7-1-7 Statement of Profit or Loss and Other Comprehensive Income for the plastic pipes segment for the fiscal year 2024G.

The following table shows the statement of profit or loss and other comprehensive income for the plastic pipes sector:

Table No. (56): Statement of profit or loss and other comprehensive income for the plastic pipes segment

Statement of profit or loss and other comprehensive income for the plastic pipes segment - Laffan Pipes Company						
SAR'000	Fiscal year 2022G	Fiscal year 2023G	Fiscal year 2024G audited	Change between fiscal year 2022G-2023G	Change between fiscal year 2023G-2024G	Compounded growth rate 2022G-2024G
Sales	N/A	N/A	-	N/A	N/A	N/A
Cost of Sales	N/A	N/A	-	N/A	N/A	N/A
Gross (Loss) / Profit	N/A	N/A	-	N/A	N/A	N/A
Selling and Marketing Expenses	N/A	N/A	-	N/A	N/A	N/A
General and Administrative Expenses	N/A	N/A	(297)	N/A	N/A	N/A
Operating Loss for the Period	N/A	N/A	(297)	N/A	N/A	N/A
Other Income / (Expenses)	N/A	N/A	-	N/A	N/A	N/A
Finance Costs	N/A	N/A	(20)	N/A	N/A	N/A
Loss before Zakat	N/A	N/A	(316)	N/A	N/A	N/A
Zakat Expense	N/A	N/A	-	N/A	N/A	N/A
Net Loss for the Period	N/A	N/A	(316)	N/A	N/A	N/A
As a Percentage of Sales	N/A	N/A		percentage point	percentage point	percentage point
Gross (Loss) / Profit Margin	N/A	N/A	N/A	N/A	N/A	N/A
Selling and Marketing Expenses	N/A	N/A	N/A	N/A	N/A	N/A
General and Administrative Expenses	N/A	N/A	N/A	N/A	N/A	N/A
Operating Loss for the Period	N/A	N/A	N/A	N/A	N/A	N/A
Loss before Zakat	N/A	N/A	N/A	N/A	N/A	N/A
Net Loss for the Period	N/A	N/A	N/A	N/A	N/A	N/A

Source: Financial statements and management information.

On June 3, 2024G, the Saudi Vitrified Clay Pipe Company established Laffan Pipes Company, a limited liability company, with a capital of 500 thousand Saudi Riyals. This subsidiary did not engage in any of the activities listed in the commercial register from the date of its establishment until December 31, 2024G.

6-7-1-8 Consolidated Cost of Sales

The following table shows the cost of sales for the fiscal years ending December 31, 2022G, 2023G, and 2024G:

Table No. (57): Cost of sales for the fiscal years ending December 31, 2022G, 2023G, and 2024G

Cost of sales						
SAR'000	Fiscal year 2022G	Fiscal year 2023G	Fiscal year 2024G	Change between fiscal year 2022G-2023G	Change between fiscal year 2023G-2024G	Compounded growth rate 2022G-2024G
Cost of Goods Sold	21,038	12,336	15,075	(41.4%)	22.2%	(15.3%)
Salaries and Employee Benefits	16,243	17,492	14,242	7.7%	(18.6%)	(6.4%)
Depreciation of Property, Plant, and Equipment	12,857	13,638	10,786	6.1%	(20.9%)	(8.4%)
Utilities	9,531	10,692	8,752	12.2%	(18.1%)	(4.2%)
Maintenance	5,248	6,759	3,309	28.8%	(51.1%)	(20.6%)
Provision for Slow-Moving Inventory	-	300	2,804	None	834.8%	None
Food	1,600	1,810	1,960	13.1%	8.3%	10.7%
Medical Expenses	1,666	1,642	1,418	(1.5%)	(13.6%)	(7.8%)
Travel Expenses	14	30	1,208	123.5%	3896.1%	845.0%
Insurance	897	1,088	1,048	21.3%	(3.7%)	8.1%
Depreciation of Right-of-Use Assets	347	407	949	17.3%	133.2%	65.4%
Other	2,495	2,203	1,148	(11.7%)	(47.9%)	(32.2%)
Total Cost of Sales	71,935	68,397	62,699	(4.9%)	(8.3%)	(6.6%)
Total Number of Employees at Year-End	440	422	370	(18.0)	(52.0)	(70.0)
Salaries and Employee Benefits (Monthly in Thousands)	3.1	3.5	3.2	0.4	(0.2)	0.1
As a Percentage of Cost of Sales				percentage point	percentage point	percentage point
Cost of Goods Sold	29.2%	18.0%	24.0%	(11.2)	6.0	(5.2)
Salaries and Employee Benefits	22.6%	25.6%	22.7%	3.0	(2.9)	0.1
Depreciation of Property, Plant, and Equipment	17.9%	19.9%	17.2%	2.1	(2.7)	(0.7)
Utilities	13.2%	15.6%	14.0%	2.4	(1.7)	0.7
Maintenance	7.3%	9.9%	5.3%	2.6	(4.6)	(2.0)
Provision for Slow-Moving Inventory	0.0%	0.4%	4.5%	0.4	4.0	4.5
Food	2.2%	2.6%	3.1%	0.4	0.5	0.9
Medical Expenses	2.3%	2.4%	2.3%	0.1	(0.1)	(0.1)
Travel Expenses	0.0%	0.0%	1.9%	0.0	1.9	1.9
Insurance	1.2%	1.6%	1.7%	0.3	0.1	0.4
Depreciation of Right-of-Use Assets	0.5%	0.6%	1.5%	0.1	0.9	1.0
Other	3.5%	3.2%	1.8%	(0.2)	(1.4)	(1.6)

Cost of sales						
SAR'000	Fiscal year 2022G	Fiscal year 2023G	Fiscal year 2024G	Change between fiscal year 2022G-2023G	Change between fiscal year 2023G-2024G	Compounded growth rate 2022G-2024G
As a Percentage of Sales				percentage point	percentage point	percentage point
Cost of Goods Sold	27.6%	16.3%	25.8%	(11.3)	9.5	(1.8)
Salaries and Employee Benefits	21.3%	23.1%	24.4%	1.8	1.2	3.1
Depreciation of Property, Plant, and Equipment	16.8%	18.0%	18.4%	1.2	0.4	1.6
Utilities	12.5%	14.1%	15.0%	1.6	0.8	2.5
Maintenance	6.9%	8.9%	5.7%	2.1	(3.3)	(1.2)
Provision for Slow-Moving Inventory	0.0%	0.4%	4.8%	0.4	4.4	4.8
Food	2.1%	2.4%	3.4%	0.3	1.0	1.3
Medical Expenses	2.2%	2.2%	2.4%	0.0	0.3	0.2
Travel Expenses	0.0%	0.0%	2.1%	0.0	2.0	2.0
Insurance	1.2%	1.4%	1.8%	0.3	0.4	0.6
Depreciation of Right-of-Use Assets	0.5%	0.5%	1.6%	0.1	1.1	1.2
Other	3.3%	2.9%	2.0%	(0.4)	(0.9)	(1.3)
Total Cost of Sales	94.2%	90.4%	107.2%	(3.8)	16.8	13.0

Source: Management Information.

Cost of Goods Sold

Cost of goods sold, which relates to the costs of raw materials, primarily clay, bonding and connection materials, glazing, wood, steel, packaging materials, and other materials used in the production of pipes, extensions, and accessories, decreased from SAR 21.0 million in fiscal year 2022G to SAR 12.3 million in fiscal year 2023G due to lower raw material prices. The Company was able to secure its raw material needs from new suppliers at competitive prices, in addition to relying on local suppliers for some raw materials previously imported. Despite increasing production from 52.8 thousand tons in fiscal year 2022G to 59.2 thousand tons in fiscal year 2023G, the Company maintained cost reductions. In fiscal year 2024G, cost of goods sold increased to SAR 15.1 million due to higher raw material prices between fiscal year 2023G and fiscal year 2024G, despite a decrease in production volume to 24.4 thousand tons in the same fiscal year.

Employee Salaries and Benefits

Employee salaries and benefits, which include base salaries, housing and transportation allowances, and other employee allowances, increased from SAR 16.2 million in fiscal year 2022G to SAR 17.5 million in fiscal year 2023G. This increase was primarily due to an increase in average monthly employee salaries and benefits from SAR 3.1 thousand per employee in fiscal year 2022G to SAR 3.5 thousand per employee in fiscal year 2023G, despite a decrease in the number of employees from 440 in fiscal year 2022G to 422 in fiscal year 2023G. In fiscal year 2024G, salaries and benefits decreased to SAR 14.2 million due to a decrease in the number of employees to 370 in fiscal year 2024G, in addition to a decrease in average monthly employee salaries and benefits to SAR 3.2 thousand during the same year.

Depreciation of Property, Plant, and Equipment

Depreciation expenses for property, plant, and equipment related to the factory building, machinery, and vehicles increased slightly from SAR 12.9 million in fiscal year 2022G to SAR 13.6 million in fiscal year 2023G, due to additions of (+SAR 1.3 million), primarily related to vehicles (+SAR 758 thousand), machinery and equipment (+SAR 363 thousand), and computers and printers (+SAR 100 thousand).

In fiscal year 2024G, depreciation expenses for property, plant, and equipment related to the factory building, machinery, and vehicles decreased to SAR 10.8 million, due to a decrease in depreciation expense during the year, as most of the Company's property and equipment were nearing or fully depreciated, in addition to a write-down of SAR 46.0 million resulting from the remeasurement of the asset value at the end of fiscal year 2023G. This decrease comes despite the additions made during the year amounting to (+SAR 3.5 million), which were mainly concentrated in machinery and equipment (SAR 2.3 million), improvements to leased buildings (SAR 1.0 million), computers and printers (119 thousand Saudi Riyals), and vehicles (SAR 26 thousand).

Utilities

Utility costs, associated with electricity, telephone, and postage costs associated with the Company's factories, fluctuated from SAR 9.5 million in fiscal year 2022G to SAR 10.7 million in fiscal year 2023G and then decreased to SAR 8.8 million in fiscal year 2024G, reflecting fluctuations in production and operating volume during the period under analysis.

Maintenance

Maintenance expenses, related to the maintenance costs of the Company's factories, also fluctuated, rising from SAR 5.2 million in fiscal year 2022G to SAR 6.8 million in fiscal year 2023G and then decreased to SAR 3.3 million in fiscal year 2024G, in line with fluctuations in production and operating volume during the period under analysis.

Provision for Slow-Moving Inventory

The provision for slow-moving inventory, which relates to obsolete inventory of available for sell goods, amounted to SAR 2.0 million as of December 31, 2022G. During fiscal year 2023G, management decided to increase the provision by (+SAR 300 thousand), increasing the total provision for slow-moving inventory to SAR 2.3 million as of December 31, 2023G. In fiscal year 2024G, management decided to increase the provision by (+SAR 2.8 million), increasing the total provision for slow-moving inventory to SAR 5.1 million as of December 31, 2024G.

Food

Food costs relate to the cost of feeding the Company's factory workers. The Company bears the costs of feeding its workers and providing them with three main meals. Food costs increased from SAR 1.6 million in fiscal year 2022G to SAR 1.8 million in fiscal year 2023G and SAR 2.0 million in fiscal year 2024G. This was due to the service provider increasing the prices of meals provided to the Company during the period under analysis, despite the decrease in the number of employees from 440 employees in fiscal year 2022G to 422 employees in fiscal year 2023G and to 370 employees in fiscal year 2024G.

Medical Expenses

Medical expenses, including medical insurance costs for the Company's factory employees, decreased slightly, from SAR 1.7 million in fiscal year 2022G to SAR 1.6 million in fiscal year 2023G, due to a decrease in the number of employees from 440 in fiscal year 2022G to 422 in fiscal year 2023G. Medical expenses also decreased to SAR 1.4 million in fiscal year 2024G, due to a decrease in the number of employees to 370 in fiscal year 2024G.

Insurance

Insurance costs relate to the costs of insuring factory machinery and equipment, vehicle insurance, fire insurance, and life insurance for factory employees. These costs increased from SAR 897 thousand in fiscal year 2022G to SAR 1.1 million in fiscal year 2023G due to the insurance company raising the price of the insurance policy, particularly after the fire incident that occurred at the Company's factory in 2021G. In 2024G, insurance costs decreased to SAR 1.0 million, as the Company was able to negotiate with the insurance company to obtain a more competitive price.

Right-of-use asset depreciation

Right-of-use asset depreciation expense related to the Company's two factories increased from SAR 347 thousand in fiscal year 2022G to SAR 407 thousand in fiscal year 2023G, due to the additions to the Company's first factory amounting to (+ SAR 2.0 million) during fiscal year 2023G, in addition to the adjustment and recalculation of the lease value (IFRS 16) during the same year. During fiscal year 2024G, right-of-use asset depreciation expense increased to SAR 949 thousand, due to the additions to the factories amounting to SAR 5.2 million, related to the Saudi Land Company factory acquired during the year ending December 31, 2024G, in addition to the adjustment and recalculation of the lease value (IFRS 16) during fiscal year 2024G.

Other Costs

Other costs, which primarily consist of quality control expenses, government fees, VAT expenses, quarry fees, labor housing rent, amortization costs for intangible assets, and other miscellaneous factory expenses, decreased from SAR 2.5 million in fiscal year 2022G to SAR 2.2 million in fiscal year 2023G. This decrease is primarily attributable to a decrease in miscellaneous factory expenses of (-SAR 303 thousand) between fiscal year 2022G and fiscal year 2023G. Other costs also decreased to SAR 1.1 million in fiscal year 2024G, due to a decrease in labor housing rent expenses of (-SAR 617 thousand) and a decrease in amortization costs for intangible assets of (-SAR 258 thousand) between fiscal year 2023G and fiscal year 2024G.

6-7-1-9 Consolidated Selling and Marketing Expenses

The following table shows the selling and marketing expenses for the fiscal years ending December 31, 2022G, 2023G, and 2024G:

Table No (58): Selling and marketing expenses for the fiscal years ending December 31, 2022G, 2023G, and 2024G

Selling and Marketing Expenses						
SAR'000	Fiscal year 2022G	Fiscal year 2023G	Fiscal year 2024G	Change between fiscal year 2022G-2023G	Change between fiscal year 2023G-2024G	Compounded growth rate 2022G-2024G
Shipping Expenses	5,147	3,900	1,909	(24.2%)	(51.0%)	(39.1%)
Sales Employees Costs and Other Benefits	1,087	1,116	1,157	2.7%	3.7%	3.2%
Other	18	18	11	2.2%	(37.6%)	(20.1%)
Total Selling and Marketing Expenses	6,251	5,034	3,078	(19.5%)	(38.9%)	(29.8%)
Total Number of Employees at Year-End	30.0	26.0	53.0	(4.0)	27.0	23.0
Monthly Employee Salaries and Benefits (in thousands of Riyals per employee)	3.0	3.6	1.8	0.6	(1.8)	(1.2)

Selling and Marketing Expenses						
SAR'000	Fiscal year 2022G	Fiscal year 2023G	Fiscal year 2024G	Change between fiscal year 2022G-2023G	Change between fiscal year 2023G-2024G	Compounded growth rate 2022G-2024G
As a Percentage of Selling and Distribution Expenses				percentage point	percentage point	percentage point
Shipping Expenses	82.3%	77.5%	62.0%	(4.9)	(15.4)	(20.3)
Other Costs and Benefits for Sales Employees	17.4%	22.2%	37.6%	4.8	15.4	20.2
Other	0.3%	0.4%	0.4%	0.1	0.0	0.1
As a Percentage of Sales				percentage point	percentage point	percentage point
Shipping Expenses	6.7%	5.2%	3.3%	(1.6)	(1.9)	(3.5)
Sales Employees Costs and Other Benefits	1.4%	1.5%	2.0%	0.1	0.5	0.6
Other	0.0%	0.0%	0.0%	0.0	0.0	0.0
Total Selling and Marketing Expenses	8.2%	6.7%	5.3%	(1.5)	(1.4)	(2.9)

Source: Management Information.

Shipping Expenses

Shipping expenses decreased during the period under analysis due to fluctuations in land and sea freight rates from service providers, and a decrease in the Company's sales during the same fiscal years. Shipping expenses decreased from SAR 5.1 million in fiscal year 2022G to SAR 3.9 million in fiscal year 2023G and then to SAR 1.9 million in fiscal year 2024G.

Sales Employee Salaries and Other Benefits

Sales employees' salaries and other benefits, including basic salaries, housing and transportation allowances, and other employee allowances for the sales department, increased slightly by (+SAR 29 thousand) between FY 2022G and FY 2023G. This increase was primarily due to an increase in average monthly employee salaries and benefits from SAR 3.0 thousand in FY 2022G to SAR 3,600 per employee in FY 2023G, despite a decrease in the number of employees from 30 in FY 2022G to 26 in FY 2023G. Sales employee salaries and other benefits also increased to SAR 1.2 million in FY 2024G, as the number of employees increased to 53, despite a decrease in average monthly employee salaries and benefits to SAR 1.8 thousand per employee in FY 2024G.

Other Expenses

Other selling and marketing expenses, which primarily consist of stationery, printing, electricity, travel, and other marketing expenses, remained stable at SAR 18 thousand in fiscal years 2022G and 2023G. Other selling and marketing expenses decreased to SAR 11 thousand in fiscal year 2024G, due to a decline in the Company's operations during the same fiscal year.

6-7-1-10 Consolidated general and administrative expenses

The following table shows the general and administrative expenses for the fiscal years ending December 31, 2022G, 2023G, and 2024G:

Table No. (59): General and administrative expenses for the fiscal years ending December 31, 2022G, 2023G, and 2024G

General and administrative expenses						
SAR'000	Fiscal year 2022G	Fiscal year 2023G	Fiscal year 2024G	Change between fiscal year 2022G-2023G	Change between fiscal year 2023G-2024G	Compounded growth rate 2022G-2024G
Employee Salaries and Benefits	14,085	12,228	13,052	(13.2%)	6.7%	(3.7%)
Professional Fees and Consultations	660	1,153	2,463	74.7%	113.7%	93.2%
Board of Directors' Remunerations and Allowances	1,908	2,012	2,002	5.5%	(0.5%)	2.4%
Depreciation of Right-to-Use Assets	247	351	327	41.9%	(6.7%)	15.0%
Insurance and Medical Expenses	189	249	192	31.9%	(22.6%)	1.0%
Maintenance	28	60	192	116.8%	220.3%	163.5%
Bank Expenses	232	171	135	(26.4%)	(21.0%)	(23.7%)
Travel and Transportation	74	80	114	7.4%	42.4%	23.6%
Other	755	748	1,487	(0.9%)	98.8%	40.4%
Total General and Administrative Expenses	18,178	17,051	19,965	(6.2%)	17.1%	4.8%
Total Number of Employees at Year-End	11.0	11.0	8.0	-	(3.0)	(3.0)
Monthly Employee Salaries and Benefits (SAR in Thousands per Employee)	106.7	92.6	136.0	(14.1)	43.3	29.0
As a Percentage of General and Administrative Expenses				percentage point	percentage point	percentage point
Employee Salaries and Benefits	77.5%	71.7%	65.4%	(5.8)	(6.3)	(12.1)
Professional Fees and Consultations	3.6%	6.8%	12.3%	3.1	5.6	8.7
Board of Directors' Remunerations and Allowances	10.5%	11.8%	10.0%	1.3	(1.8)	(0.5)
Depreciation of Right-to-Use Assets	1.4%	2.1%	1.6%	0.7	(0.4)	0.3
Insurance and Medical Expenses	1.0%	1.5%	1.0%	0.4	(0.5)	(0.1)
Maintenance	0.2%	0.4%	1.0%	0.2	0.6	0.8
Bank Expenses	1.3%	1.0%	0.7%	(0.3)	(0.3)	(0.6)
Travel and Transportation	0.4%	0.5%	0.6%	0.1	0.1	0.2
Other	4.2%	4.4%	7.4%	0.2	3.1	3.3
As a Percentage of Sales				percentage point	percentage point	percentage point
Employee Salaries and Benefits	18.4%	16.2%	22.3%	(2.3)	6.2	3.9
Professional Fees and Consultations	0.9%	1.5%	4.2%	0.7	2.7	3.3
Board of Directors' Remunerations and Allowances	2.5%	2.7%	3.4%	0.2	0.8	0.9

General and administrative expenses						
SAR'000	Fiscal year 2022G	Fiscal year 2023G	Fiscal year 2024G	Change between fiscal year 2022G-2023G	Change between fiscal year 2023G-2024G	Compounded growth rate 2022G-2024G
Depreciation of Right-to-Use Assets	0.3%	0.5%	0.6%	0.1	0.1	0.2
Insurance and Medical Expenses	0.2%	0.3%	0.3%	0.1	0.0	0.1
Maintenance	0.0%	0.1%	0.3%	0.0	0.2	0.3
Bank Expenses	0.3%	0.2%	0.2%	(0.1)	0.0	(0.1)
Travel and Transportation	0.1%	0.1%	0.2%	0.0	0.1	0.1
Other	1.0%	1.0%	2.5%	0.0	1.6	1.6
Total General and Administrative Expenses	23.8%	22.5%	34.1%	(1.3)	11.6	10.3

Source: Management Information

Employee Salaries and Benefits

Salaries and employee benefits, including basic salaries, housing and transportation allowances, and other employee allowances, for the Company's senior management and administrative employees, decreased from SAR 14.1 million in fiscal year 2022G to SAR 12.2 million in fiscal year 2023G. This decrease was primarily due to a decrease in average monthly salaries, and employee benefits from SAR 106.7 thousand per employee in fiscal year 2022G to SAR 92.6 thousand per employee in fiscal year 2023G, as a result of the retirement of the Company's General Manager and the appointment of a new General Manager with a lower salary and incentives. Meanwhile, salaries and employee benefits increased to SAR 13.1 million in fiscal year 2024G, due to an increase in average monthly salaries and benefits to SAR 136.0 thousand per employee during the same fiscal year, despite a decrease in the number of employees to 8 in fiscal year 2024G.

Professional Consultations Fees

Professional consultation fees related to the Company's external and internal auditors, as well as legal and financial consulting fees, increased from SAR 660 thousand in fiscal year 2022G to SAR 1.2 million in fiscal year 2023G, due to an increase in legal fees related to insurance company compensation resulting from a fire at the Company's factory. During fiscal year 2024G, professional fees and consultancies increased to SAR 2.5 million, due to an increase in legal consulting fees related to lawsuits filed by the Company against some of its clients to collect their outstanding debts, in addition to legal consulting fees related to the acquisition of the Saudi Land factory and potential partnership contracts with the Qatari company.

Board of Directors' Remunerations and Allowances

Board of Directors' remunerations and allowance expenses relate to the annual Board of Directors' entitlements, which include (1) Board of Directors' incentives (SAR 1.5 million), (2) Board of Directors' committee incentives (SAR 378 thousand), and (3) Board and its committees meeting allowances, which depend on the number of meetings held during the year. Board of Directors' remuneration and allowance expenses averaged SAR 2.0 million in the fiscal years 2022G, 2023G, and 2024G.

Depreciation of Right-of-Use Assets

Depreciation of the right-of-use assets related to the Company's headquarters increased from SAR 247 thousand in fiscal year 2022G to SAR 351 thousand in fiscal year 2023G, due to the addition of the Company's headquarters (+ SAR 1.3 million) during fiscal year 2023G, in addition to the adjustment and recalculation of the lease value (IFRS 16) during the same fiscal year. During fiscal

year 2024G, depreciation of the right-of-use assets decreased to SAR 327 thousand, proportionate to the straight-line term of the Company's headquarters lease.

Insurance and Medical Expenses

Insurance and medical expenses, including medical insurance costs for the Company's senior management, increased from SAR 189,000 in fiscal year 2022G to SAR 249 thousand in fiscal year 2023G, due to higher medical expenses during the period under analysis. Insurance and medical expenses decreased to SAR 192 thousand in fiscal year 2024G, in line with the decrease in the number of senior management employees (-3 employees) between fiscal year 2023G and fiscal year 2024G.

Banking Expenses

Banking expenses, which primarily relate to fees charged on bank transfers and other fees associated with services provided by banks, decreased from SAR 232 thousand in fiscal year 2022G to SAR 171 thousand in fiscal year 2023G and SAR 135 thousand in fiscal year 2024G, in line with the Company's activity and operations during the period under analysis.

Travel and Transportation

Travel and transportation expenses related to administrative business trips increased from SAR 74 thousand in fiscal year 2022G to SAR 80 thousand in fiscal year 2023G and SAR 114 thousand in fiscal year 2024G, due to an increase in the number of business trips during the same period.

Maintenance

Maintenance expenses, primarily related to repair and maintenance costs for the Company's administrative office, increased from SAR 28 thousand in fiscal year 2022G to SAR 60 thousand in fiscal year 2023G, due to additional decoration costs incurred by the administrative office during fiscal year 2023G. Maintenance expenses also increased to SAR 192 thousand in fiscal year 2024G, due to the Company's maintenance work on the head office during fiscal year 2024G.

Other Expenses

Other general and administrative expenses, which include electricity, water, information technology, hospitality, and other general expenses related to the administrative office, decreased from SAR 755 thousand in fiscal year 2022G to SAR 748 thousand in fiscal year 2023G, in line with the needs of the head office. Other general and administrative expenses increased to SAR 1.5 million in fiscal year 2024G due to higher electricity and water expenses, primarily related to the costs of the head offices of the subsidiaries acquired during fiscal year 2024G.

6-8 Results of operations for the six-month period ending June 30, 2024G and 2025G

6-8-1 Statement of profit or loss and other comprehensive income for the six-month period ending June 30, 2024G and 2025G.

Table No. (60): Consolidated Statement of Profit or Loss and Other Comprehensive Income for the six-month financial periods ended June 30, 2024G and 2025G

Statement of Profit or Loss and Other Comprehensive Income			
SAR'000	The six-month period ending on June 30, 2024G (Unaudited)	The six-month period ending on June 30, 2025G (Unaudited)	Change between the period ending June 30, 2024G and 2025G
Sales	24,483	27,849	13.8%
Cost of Sales	(32,220)	(33,309)	3.4%
Total Loss	(7,738)	(5,460)	(29.4%)
Selling and Marketing Expenses	(1,447)	(2,943)	103.4%
General and Administrative Expenses	(9,336)	(10,516)	12.6%
Reversal of Provision for Expected Credit Losses	1,992	117	(94.1%)
Total Loss for the Period from Main Operations	(16,529)	(18,802)	13.7%
Financing Costs	(664)	(1,209)	81.9%
Other Income	200	162	(19.1%)
Net loss for the period before zakat	(16,994)	(19,849)	16.8%
Zakat expense	(586)	(362)	(38.3%)
Net loss for the period after zakat	(17,579)	(20,210)	15.0%
Total comprehensive loss for the period	(17,579)	(20,210)	15.0%
Basic and diluted loss per share			Change
Basic and diluted share of net loss from core operations	(1.10)	(1.25)	(0.2)
Basic and diluted share of net loss for the period	(1.17)	(1.35)	(0.2)
Number of shares held	15,000	15,000	-
Sales growth	(37.8%)	13.8%	(51.6)
As a percentage of sales			Centigrade point
Gross loss margin	(31.6%)	(19.6%)	12.0
Selling and marketing expenses	5.9%	(10.6%)	(16.5)
General and administrative expenses	38.1%	(37.8%)	(75.9)
Net loss from core operations	(67.5%)	(67.5%)	0.0
Net loss before Zakat	(69.4%)	(71.3%)	(1.9)
Net loss	(71.8%)	(72.6%)	(0.8)

Source: Financial statements and management information.

The statement of profit or loss and other comprehensive income as of June 30, 2025G, includes the results of operations of Saudi Vitrified Pipes Company and its subsidiaries (1) Saudi Land Factory for Cement Products (SLF) and (2) Laffan Pipes Company (collectively, the «Group»), as Saudi Vitrified Pipes Company acquired Saudi Land Factory for Cement Products (SLF) on February 6, 2024G and established Laffan Pipes Company on June 3, 2024G.

Sales

Sales increased from SAR 24.5 million in the six-month period ending June 30, 2024G to SAR 27.8 million in the six-month period ending June 30, 2025G, as a result of an increase in sales of manholes by (+SAR 9.3 million) and sales of concrete pipes by (+SAR 4.5 million), despite a decrease in sales of clay pipes by (-SAR 8.8 million) and sales of fittings and accessories by (-SAR 1.6 million) during the same period.

Gross Loss Margin

The Company's gross loss margin decreased from (-31.6%) in the six-month period ending June 30, 2024G to (-19.6%) in the six-month period ending June 30, 2025G, as a result of the significant improvement in the performance of the concrete pipe sector, where the gross loss margin for the concrete pipe sector increased from (-284.1%) in the six-month period ending June 30, 2024G to a gross profit margin of 16.7% in the six-month period ending June 30, 2025G. This improvement is attributed to the increase in the average selling price of concrete pipe products from SAR 153.2 per meter in the six-month period ending June 30, 2024G to SAR 549.8 per meter in the six-month period ending June 30, 2025G, along with the decrease in the average cost of production from SAR 588.4 per meter to SAR 457.7 per meter during the same period.

Conversely, the gross loss margin for the clay pipe segment increased from (-27.6%) in the six-month period ending June 30, 2024G to (-57.3%) in the six-month period ending June 30, 2025G, as a result of the decrease in the average selling price of clay pipes from SAR 85.3 per meter in the six-month period ending June 30, 2024G to SAR 68.0 per meter in the six-month period ending June 30, 2025G, despite the decrease in the average cost of production from SAR 108.9 per meter in the six-month period ending June 30, 2024G to SAR 107.0 per meter in the six-month period ending June 30, 2025G.

Selling and Marketing Expenses

Selling and marketing expenses consist of shipping costs, sales staff salaries and benefits, and other sales and marketing-related expenses. These expenses increased from SAR 1.4 million in the six-month period ending June 30, 2024G, to SAR 2.9 million in the six-month period ending June 30, 2025G. This increase is attributed to a rise in shipping costs (+SAR 1.4 million), which aligns with increased sales resulting from higher sales of concrete pipe products during the six-month period ending June 30, 2025G.

General and Administrative Expenses

General and administrative expenses consist of salaries and benefits for management staff, professional fees and consultations, board member bonuses and allowances, and other general and administrative expenses. These expenses increased from SAR 9.3 million in the six-month period ending June 30, 2024G, to SAR 10.5 million in the six-month period ending June 30, 2025G, primarily due to an increase in salaries and benefits for senior management of (+SAR 882 thousand), resulting from an increase in the average monthly salary and benefits per employee of (+SAR 6.7 thousand) during the same period.

Provision for Expected Credit Losses

The provision for expected credit losses represents management's view of how current and future economic conditions will affect the amount of loss related to the Company's trade receivables (in accordance with IFRS 9). During the six-month period ended June 30, 2025G, the Company reversed an expected credit loss provision of SAR 117 thousand, resulting in a decrease in the expected credit loss provision balance to SAR 8.3 million as of June 30, 2025G.

Financing Costs

Financing costs relate to employee benefits, lease liability interest, and loan interest. Financing costs increased from SAR 664 thousand in the six-month period ending June 30, 2024G, to SAR 1.2 million in the six-month period ending June 30, 2025G. This increase is attributed to a rise in loan interest of (+ SAR 555 thousand), offset by a decrease in lease liability interest of (-SAR 11 thousand) during the same period.

Other (Expenses) Income

Other (expenses) income relate to support from the Human Resources Development Fund, gains/(losses) from the sale of property, plant, and equipment, insurance claims, settlements resulting from the termination of customer contracts or the write-off of their liabilities, and other items of a non-operating nature. Other (expenses) income decreased slightly from SAR 200 thousand in the six-month period ended June 30, 2024G, to SAR 162 thousand in the six-month period ended June 30, 2025G, due to a decrease in the reversal of the provision for doubtful debts by (-SAR 1.4 million), along with a decrease in other losses by (-SAR 1.4 million) during the same period. These losses are mainly related to the remeasurement of the Saudi Industrial Development Fund loan and the right-of-use assets of Saudi Land Factory for Cement Products (SLF) in accordance with the requirements of IFRS 9 and 16.

6-8-1-1 Sales by Geographical Distribution

The following table shows sales and geographical distribution for the six-month financial period ending June 30, 2024G and 2025G:

Table No. (61): Sales and Geographical Distribution for the six-month financial periods ending June 30, 2024G and 2025G

Sales by geographical distribution			
SAR'000	The six-month period ending on June 30, 2024G	The six-month period ending on June 30, 2025G	Change between the period ending June 30, 2024G and 2025G
Sales within Saudi Arabia	21,260	26,638	25.3%
Sales outside Saudi Arabia	3,222	1,211	(62.4%)
Total Sales	24,483	27,849	13.8%
As a percentage of sales			Centigrade point
Sales within Saudi Arabia	86.8%	95.7%	8.8
Sales outside Saudi Arabia	13.2%	4.3%	(8.8)

Source: Financial Statement and Management Information

Sales within the Kingdom of Saudi Arabia

Saudi Vitrified Clay Pipe Company's sales are concentrated within the Kingdom of Saudi Arabia, where local sales constituted 95.7% of the Company's total sales in the six-month period ending June 30, 2025G, while sales outside the Kingdom amounted to 4.3% of total sales during the same period.

Sales within Saudi Arabia increased from SAR 21.3 million in the six-month period ending June 30, 2024G to SAR 26.6 million in the six-month period ending June 30, 2025G. This increase is attributed to the notable rise in sales in the Western Region from SAR 1.4 million in the six-month period ending June 30, 2024G to SAR 8.9 million in the six-month period ending June 30, 2025G, in addition to the rise in sales in the Eastern Region from SAR 312 thousand to SAR 1.5 million during the same period, while sales in the Central Region decreased from SAR 17.8 million to SAR 13.2 million.

Sales outside Saudi Arabia

Sales outside Saudi Arabia decreased from SAR 3.2 million in the six-month period ending June 30, 2024G to SAR 1.2 million in the six-month period ending June 30, 2025G. This decrease is mainly attributed to a decline in sales to Belgium from SAR 3.1 million in the six-month period ending June 30, 2024G to SAR 1.1 million in the six-month period ending June 30, 2025G.

6-8-1-2 Sales by the Company's main activity

The following table shows sales by main activity of the Company for the six-month financial periods ending June 30, 2024G and 2025G:

Table (62): Sales by activity for the six-month financial periods ending June 30, 2024G and 2025G

Company sales by main activity			
SAR'000	The six-month period ending on June 30, 2024G	The six-month period ending on June 30, 2025G	Change between the period ending June 30, 2024G and 2025G
Clay Pipe Segment	24,100	13,671	(43.3%)
Concrete Pipe Segment	383	14,178	3601.7%
Total Sales	24,483	27,849	13.8%
As a percentage of total sales			Centigrade point
Clay pipe Segment	98.4%	49.1%	(49.3)
Concrete pipe Segment	1.6%	50.9%	49.3

Source: Financial statements and management information.

The Company's main activity consists of sectors that include the production of Clay and concrete pipes.

During the six-month period ending June 30, 2025G, the Clay pipe segment generated revenue from the manufacture and sale of (1) Clay pipes and (2) fittings and accessories, in addition to (3) other revenue related to shipping and customs clearance services for the Company's international sales. Sales of Clay pipes constituted 31.9% of the Company's total sales during the six-month period ending June 30, 2025G, while sales of fittings and accessories constituted 17.2% of total sales in the six-month period ending June 30, 2025G.

Sales of the Clay pipes segment decreased from SAR 24.1 million in the six-month period ending June 30, 2024G to SAR 13.7 million in the six-month period ending June 30, 2025G. This decrease is due to a decline in sales of Clay pipes by (-SAR 8.8 million), a decrease in sales of fittings and accessories by (-SAR 1.6 million), in addition to a decrease in other sales by (-SAR 2 thousand) during the same period.

In the six-month period ending June 30, 2025G, the Saudi Land Factory for Cement Products (SLF) generated its revenues through the manufacture and sale of (1) manholes and (2) concrete pipes. Sales of manholes constituted 34.3% of the Company's total sales in the six-month period ending June 30, 2025G, while sales of concrete pipes constituted 16.6% of the Company's total sales in the six-month period ending June 30, 2025G.

Sales of concrete pipes increased from SAR 383 thousand in the six-month period ending June 30, 2024G to SAR 14.2 million in the six-month period ending June 30, 2025G, as a result of increased sales of manholes, which rose from SAR 230 thousand in the six-month period ending June 30, 2024G to SAR 9.6 million in the six-month period ending June 30, 2025G, in addition to an increase in concrete pipe sales from SAR 153 thousand to SAR 4.6 million during the same period.

6-8-1-3 Sales and Gross Loss of the Saudi Vitrified Clay Pipe Company and its Subsidiaries by Sector

The following table shows the total sales and losses of the Saudi Vitrified Clay Pipe Company and its subsidiaries, broken down by sector, for the six-month fiscal periods ending June 30, 2024G, and 2025G. Saudi Vitrified Clay Pipe Company:

Table No. (63): Sales and Total Loss of Saudi Vitrified Clay Pipe Company and its Subsidiaries by Sector for the six-month periods ending June 30, 2024G and 2025G. Saudi Vitrified Clay Pipe Company

Total sales and losses for the parent company and subsidiaries			
SAR'000	The six-month period ending on June 30, 2024G	The six-month period ending on June 30, 2025G	Change between the period ending June 30, 2024G and 2025G
Sales:			
Clay Pipes segment - SVCP (Parent Company)	24,100	13,671	(43.3%)
Concrete Pipes segment - Saudi Land Factory Company	383	14,178	3601.7%
Plastic Pipes segment - Laffan Pipes Company	-	-	None
Total Sales	24,483	27,849	13.8%
Cost of Sales:			
Clay Pipes segment - Clay Pipes (Parent Company)	(30,749)	(21,505)	(30.1%)
Concrete Pipes segment - Saudi Land Factory Company	(1,471)	(11,804)	702.4%
Plastic Pipes segment - Laffan Pipes Company	-	-	None
Total Cost of Sales	(32,220)	(33,309)	3.4%
(Loss) / Gross Profit			
Clay Pipes Segment - Clay Pipes (Parent Company)	(6,650)	(7,834)	17.8%
Concrete Pipes Segment - Saudi Land Factory Company	(1,088)	2,374	(318.2%)
Plastic Pipes Segment - Laffan Pipes Company	-	-	None
Total (Loss) / Profit	(7,738)	(5,460)	(43.3%)
As a percentage of total sales			Centigrade point
Clay Pipes Division - SVCP (Parent Company)	98.4%	49.1%	(49.3)
Concrete Pipes Division - Saudi Land Factory Company	1.6%	50.9%	49.3
Plastic Pipes Division - Laffan Pipes Company	0.0%	0.0%	-
Gross Margin (Loss) / Profit			Centigrade point
Clay Pipes Division - SVCP (Parent Company)	(27.6%)	(57.3%)	(29.7)
Concrete Pipes Division - Saudi Land Factory Company	(284.1%)	16.7%	300.8
Plastic Pipes Division - Laffan Pipes Company	None	None	None

Source: Management Information

During the six-month period ending June 30, 2025G, the Saudi Vitrified Clay Pipe Company generated its revenues from three main segments: (1) the Clay pipe segment, which is exclusively under the Saudi Vitrified Clay Pipe Company; (2) the concrete pipe segment, which is under the subsidiary, Saudi Land Factory for Cement Products (SLF); and (3) the plastic pipe segment, which is under the subsidiary, Laffan Pipes Company. The Saudi Vitrified Clay Pipe Company acquired Saudi Land Factory for Cement Products (SLF) on February 6, 2024G, and established Laffan Pipes Company on June 3, 2024G, with the aim of diversifying the Company's products and increasing its sales.

The Clay Pipes Segment – Saudi Vitrified Clay Pipe Company

As of the six-month period ending June 30, 2025G, the Clay Pipes Segment generated revenue through the manufacturing and sale of (1) Clay pipes, (2) fittings and accessories, and (3) other revenue related to shipping and customs clearance services for the Company's international sales. Sales of Clay pipes constituted 31.9% of the Company's total sales for the six-month period ending June 30, 2025G, while sales of fittings and accessories constituted 17.2% of total sales for the six-month period ending June 30, 2025G.

Sales of the Clay pipe segment decreased from SAR 24.1 million in the six-month period ending June 30, 2024G to SAR 13.7 million in the six-month period ending June 30, 2025G. This decrease is due to a decline in sales of Clay pipes by (-SAR 8.8 million), a decrease in sales of fittings and accessories by (-SAR 1.6 million), in addition to a decrease in other sales by (-SAR 2 thousand) during the same period.

The gross profit margin for the Clay pipe segment decreased from (-27.6%) in the six-month period ending June 30, 2024G to (-57.3%) in the six-month period ending June 30, 2025G. This decrease is mainly attributed to the decline in the average selling price of Clay pipes by (-17.3 Saudi Riyals per meter) and the decline in the average selling price of fittings and accessories by (-14.1 Saudi Riyals per piece), as a result of the change in the mix of products sold during the period under analysis.

Concrete Pipes Segment - Saudi Land Factory for Cement Products (SLF)

In the six-month period ending June 30, 2025G, Saudi Land Factory for Cement Products (SLF) generated its revenues through the manufacture and sale of (1) manholes and (2) concrete pipes. Sales of manholes constituted 34.3% of the Company's total sales in the six-month period ending June 30, 2025G, while sales of concrete pipes constituted 16.6% of the Company's total sales in the six-month period ending June 30, 2025G.

Sales of concrete pipes increased from SAR 383 thousand in the six-month period ending June 30, 2024G to SAR 14.2 million in the six-month period ending June 30, 2025G, as a result of increased sales of manholes, which rose from SAR 230 thousand in the six-month period ending June 30, 2024G to SAR 9.6 million in the six-month period ending June 30, 2025G, in addition to an increase in concrete pipe sales from SAR 153 thousand to SAR 4.6 million during the same period.

The gross profit margin for the concrete pipe segment increased from (-284.1%) in the six-month period ending June 30, 2024G to 16.7% in the six-month period ending June 30, 2025G. This improvement is mainly attributed to the increase in the average selling price of manholes by (+188.1 Saudi Riyals per ton) and the increase in the average selling price of concrete pipes by (+396.5 Saudi Riyals per meter) during the period under analysis, which was directly related to the full period effect of the production and sale of concrete products.

Plastic Pipe Segment Sales - Laffan Pipes Company

On June 3, 2024G, the Saudi Vitrified Clay Pipe Company established Laffan Pipes Company, a limited liability company, with a capital of 500 thousand Saudi Riyals. This subsidiary did not carry out any of its activities listed in the commercial register from the date of its establishment until the six-month period ending on June 30, 2025G.

6-8-1-4 Sales and Gross Profit for the Clay Pipe Segment by Type

The following table shows the sales and gross profit for the Clay pipes segment by product type for the six-month financial periods ending June 30, 2024G and 2025G:

Table No. (64): Sales and Gross Profit for the Clay Pipes Segment by Product Type for the six-month financial periods ending June 30, 2024G and 2025G.

Sales and (loss) / Gross Profit for the Clay Pipes Segment - by Product Type			
SAR'000	The six-month period ending on June 30, 2024G	The six-month period ending on June 30, 2025G	Change between the period ending June 30, 2024G and 2025G
Sales:			
Pipes	17,719	8,893	(49.8%)
Fittings and Accessories	6,379	4,778	(25.1%)
Other	2	-	(100.0%)
Total Sales	24,100	13,671	(43.3%)
Cost of Sales:			
Pipes	(22,608)	(13,988)	(38.1%)
Fittings and Accessories	(8,141)	(7,516)	(7.7%)
Other	-	-	None
Total Cost of Sales	(30,749)	(21,505)	(30.1%)
Gross (Loss)/ Profit			
Pipes	(4,889)	(5,095)	4.2%
Fittings and Accessories	(1,763)	(2,738)	55.3%
Other	2	-	(100.0%)
Gross (Loss) / Profit	(6,650)	(7,833)	17.8%
As a percentage of total sales			Centigrade point
Pipes	73.5%	65.1%	(8.5)
Fittings and Accessories	26.5%	34.9%	8.5
Other	0.0%	0.0%	(0.0)
Gross (Loss) / Profit Margin			Centigrade point
Pipes	(27.6%)	(57.3%)	(29.7)
Fittings and Accessories	(27.6%)	(57.3%)	(29.7)
Other	100.0%	None	None
Key Performance Indicators:			
Sold Quantity			
Pipes (in thousand)	208	131	(76.9)
Fittings and Accessories (thousand pieces)	54	46	(8.1)
Average Selling Price			
Pipes (SAR per meter)	85.3	68.0	(17.3)

Sales and (loss) / Gross Profit for the Clay Pipes Segment - by Product Type			
SAR'000	The six-month period ending on June 30, 2024G	The six-month period ending on June 30, 2025G	Change between the period ending June 30, 2024G and 2025G
Fittings and Accessories (SAR per piece)	117.8	103.7	(14.1)
Average Production Cost			
Pipes (SAR per meter)	108.9	107.0	(1.9)
Fittings and Accessories (SAR per piece)	150.4	163.2	12.8
Produced Quantity			
Thousand tons	11.1	11.5	0.4

Source: Management Information

Clay pipes

Sales of clay pipes decreased from SAR 17.7 million in the six-month period ending June 30, 2024G to SAR 8.9 million in the six-month period ending June 30, 2025G. This decrease is mainly attributed to a decline in the quantities sold from 208 thousand meters in the six-month period ending June 30, 2024G to 131 thousand meters in the six-month period ending June 30, 2025G, as a result of decreased market demand. The gross profit margin also decreased significantly from (-27.6%) in the six-month period ending June 30, 2024G to (-57.3%) in the six-month period ending June 30, 2025G, as a result of the decrease in the average selling price from SAR 85.3 per meter in the six-month period ending June 30, 2024G to SAR 68.0 per meter in the six-month period ending June 30, 2025G, despite the slight decrease in the average cost of production from SAR 108.9 per meter in the six-month period ending June 30, 2024G to SAR 107.0 per meter in the six-month period ending June 30, 2025G, as a result of the change in the mix of Clay pipe products sold during the same period.

Connectors and Accessories

Sales of fittings and accessories decreased from SAR 6.4 million in the six-month period ending June 30, 2024G, to SAR 4.8 million in the six-month period ending June 30, 2025G. This decrease was due to a decline in sales volume from 54 thousand units in the six-month period ending June 30, 2024G, to 46 thousand units in the six-month period ending June 30, 2025G. The gross profit margin for connectors and accessories also decreased significantly, from (-27.6%) in the six-month period ending June 30, 2024G, to (-57.3%) in the six-month period ending June 30, 2025G. This decline was attributed to an increase in the average cost of production from SAR 150.4 per unit in the six-month period ending June 30, 2024G, to SAR 163.2 per unit in the six-month period ending June 30, 2025G, in addition to a decrease in the average selling price by (-14.1 Saudi Riyals per unit) during the period under analysis.

Other revenues

Other revenues related to shipping and customs clearance services in respect of the Company's sales to foreign countries amounted to 2 thousand Saudi Riyals in the six-month period ending June 30, 2024G (none in the six-month period ending June 30, 2025G).

6-8-1-5 Sales and (Loss) / Gross Profit for the Concrete Pipes Segment by Product

The following table shows the sales and (loss)/gross profit for the concrete pipe segment by product for the six-month financial periods ending June 30, 2024G and 2025G:

Table No. (65): Sales and (Loss)/Gross Profit for the Concrete Pipes Segment by Product for the six-month financial periods ending June 30, 2024G and 2025G

Sales and (loss) / Gross Profit for the Concrete Pipes Segment - by Product			
SAR'000	The six-month period ending on June 30, 2024G	The six-month period ending on June 30, 2025G	Change between the period ending June 30, 2024G and 2025G
Sales:			
Manholes	230	9,560	4060.1%
Pipes	153	4,618	2914.1%
Total Sales	383	14,178	3601.7%
Cost of Sales:			
Manholes	(883)	(7,960)	801.8%
Pipes	(588)	(3,845)	553.3%
Total Cost of Sales	(1,471)	(11,804)	702.4%
(Loss) / Gross Profit			
Manholes	(653)	1,600	(345.2%)
Pipes	(435)	773	(277.7%)
Total (Loss) / Profit	(1,088)	2,374	(318.2%)
As a percentage of total sales			Centigrade point
Manholes	60.0%	67.4%	7
Pipes	40.0%	32.6%	(7)
Gross Profit Margin Percentage			Centigrade point
Manholes	(284.1%)	16.7%	301
Pipes	(284.1%)	16.7%	301
Key Performance Indicators			
Produced Quantity			
Manholes (thousand tons)	1.0	23.5	22.49
Pipes (thousand meters)	1.0	9.1	8.10
Sold Quantity			
Manholes (thousand tons)	1.0	23.0	21.99
Pipes (thousand meters)	1.0	8.4	7.40
Average Selling Price			
Manholes (SAR per ton)	227.5	415.7	188.13
Pipes (SAR per meter)	153.2	549.8	396.55

Sales and (loss) / Gross Profit for the Concrete Pipes Segment - by Product

SAR'000	The six-month period ending on June 30, 2024G	The six-month period ending on June 30, 2025G	Change between the period ending June 30, 2024G and 2025G
Average Production Cost			
Manholes (SAR per ton)	873.8	346.1	(527.78)
Pipes (SAR per meter)	588.4	457.7	(130.76)

Source: Management Information

Manholes

Sales of Manholes increased significantly from SAR 230 thousand in the six-month period ending June 30, 2024G to SAR 9.6 million in the six-month period ending June 30, 2025G. This is mainly attributed to the increase in the quantities sold from 1 thousand tons in the six-month period ending June 30, 2024G to 23.0 thousand tons in the six-month period ending June 30, 2025G, as a result of the full impact of the production and sales period of Manholes. Furthermore, the increase in the average selling price from SAR 227.5 per ton in the six-month period ending June 30, 2024G to SAR 415.7 per ton in the six-month period ending June 30, 2025G, along with the decrease in the average cost of production from SAR 873.8 per ton in the six-month period ending June 30, 2024G to SAR 346.1 per ton in the six-month period ending June 30, 2025G, as a result of the large increase in production volume compared to fixed costs, led to an improvement in gross profit margin levels from a loss of (-284.1%) in the six-month period ending June 30, 2024G to a gross profit of 16.7% in the six-month period ending June 30, 2025G.

Concrete pipes

Sales of concrete pipes increased from SAR 153 thousand in the six-month period ending June 30, 2024G to SAR 4.6 million in the six-month period ending June 30, 2025G, as a result of the increase in the volume of quantities sold from 1 thousand meters in the six-month period ending June 30, 2024G to 8.4 thousand meters in the six-month period ending June 30, 2025G, as a result of the full impact of the production and sale period of manholes. The gross profit margin also increased significantly from a loss margin of (-284.1%) in the six-month period ending June 30, 2024G to a gross profit margin of 16.7% in the six-month period ending June 30, 2025G. This is attributed to the increase in the average selling price from SAR 153.2 per meter in the six-month period ending June 30, 2024G to SAR 549.8 per meter in the six-month period ending June 30, 2025G, in addition to the decrease in the average cost of production from SAR 588.4 per meter to SAR 457.7 per meter during the same period.

6-8-1-6 Consolidated Cost of Sales

The following table shows the consolidated cost of sales for the six-month financial periods ending June 30, 2024G and 2025G:

Table No. (66): Consolidated Cost of Sales for the six-month financial periods ending June 30, 2024G and 2025G

Sales Cost			
SAR'000	The six-month period ending on June 30, 2024G	The six-month period ending on June 30, 2025G	Change between the period ending June 30, 2024G and 2025G
Cost of Goods Sold	10,407	12,322	18.4%
Salaries and Employee Benefits	7,198	8,050	11.8%
Depreciation of Property, Plant, and Equipment	5,090	2,421	(52.4%)
Utilities	4,336	5,297	22.1%

Sales Cost			
SAR'000	The six-month period ending on June 30, 2024G	The six-month period ending on June 30, 2025G	Change between the period ending June 30, 2024G and 2025G
Maintenance	1,468	1,735	18.2%
Provision for Slow-Moving Inventory	200	200	0.0%
Food	901	925	2.6%
Medical Expenses	693	783	12.9%
Travel Expenses	60	15	(74.9%)
Insurance	521	460	(11.7%)
Depreciation of Right of Use of Assets	506	482	(4.7%)
Other	839	620	(26.1%)
Total Cost of Sales	32,220	33,309	3.4%
Total Number of Employees at Year-End	374	406	32
Average Salaries and Benefits (Monthly in Thousands)	3.2	3.3	0.1
As a Percentage of Cost of Sales			Centigrade point
Cost of Goods Sold	32.3%	37.0%	4.7
Salaries and Benefits	22.3%	24.2%	1.8
Depreciation of Property, Plant and Equipment	15.8%	7.3%	(8.5)
Utilities	13.5%	15.9%	2.4
Maintenance	4.6%	5.2%	0.7
Provision for slow-moving inventory	0.6%	0.6%	(0.0)
Food	2.8%	2.8%	(0.0)
Medical expenses	2.2%	2.4%	0.2
Travel expenses	0.2%	0.0%	(0.1)
Insurance	1.6%	1.4%	(0.2)
Depreciation of right-of-use assets	1.6%	1.4%	(0.1)
Other	2.6%	1.9%	(0.7)
As a percentage of sales			Centigrade point
Cost of goods sold	42.5%	44.2%	1.7
Salaries and employee benefits	29.4%	28.9%	(0.5)
Depreciation of Property, Plant, and Equipment	20.8%	8.7%	(12.1)
Utilities	17.7%	19.0%	1.3
Maintenance	6.0%	6.2%	0.2
Provision for Slow-Moving Inventory	0.8%	0.7%	(0.1)
Food	3.7%	3.3%	(0.4)
Medical Expenses	2.8%	2.8%	(0.0)
Travel Expenses	0.2%	0.1%	(0.2)

Sales Cost			
SAR'000	The six-month period ending on June 30, 2024G	The six-month period ending on June 30, 2025G	Change between the period ending June 30, 2024G and 2025G
Insurance	2.1%	1.7%	(0.5)
Depreciation of Right-of-Use Assets	2.1%	1.7%	(0.3)
Others	3.4%	2.2%	(1.2)
Total Cost of Sales	131.6%	119.6%	(12.0)

Source: Management Information

Cost of Goods Sold

The cost of goods sold, which is related to the costs of raw materials consisting mainly of clay, bonding and connecting materials, glazing, wood, iron, packing materials and other materials used in the production of pipes, fittings and accessories, increased from SAR 10.4 million in the six-month period ending June 30, 2024G to SAR 12.3 million in the six-month period ending June 30, 2025G. This increase is mainly attributed to the increase in the production volume of manholes (+22.5 thousand tons) and concrete pipes (+8.1 thousand meters), whose actual production began at the end of the fiscal year 2024G.

Employee Salaries and Benefits

Employee salaries and benefits, which include basic salaries, housing and transportation allowances, and other employee allowances, increased from SAR 7.2 million in the six-month period ending June 30, 2024G, to SAR 8.1 million in the six-month period ending June 30, 2025G. This increase is attributed to the increase in the number of employees from 374 in the six-month period ending June 30, 2024G, to 406 in the six-month period ending June 30, 2025G, following the Company's acquisition of the Saudi Land Factory for Cement Products (SLF), in addition to a slight increase in the average monthly salary, wages, and benefits per employee from SAR 3.2 thousand in the six-month period ending June 30, 2024G, to SAR 3.3 thousand in the six-month period ending June 30, 2025G.

Depreciation of Property, Plant, and Equipment

Depreciation expenses for property, plant, equipment, and related plant buildings, machinery, and vehicles decreased from SAR 5.1 million for the six-month period ended June 30, 2024G, to SAR 2.4 million for the six-month period ended June 30, 2025G. This decrease is attributed to lower depreciation expenses during the period, as most of the Company's assets were either nearly depreciated or fully depreciated. Additionally, an asset write-down of SAR 80.2 million resulted from an asset revaluation at the end of fiscal year 2024G. This decrease was partially offset by additions of (+SAR 1.3 million), primarily related to additions to machinery and equipment (+SAR 626 thousand) and improvements to leased premises (+SAR 639 thousand) during the six-month period ended June 30, 2025G.

Utilities

Utilities costs, which include electricity, telephone and postage expenses related to the Company's factories, increased from SAR 4.3 million in the six-month period ending June 30, 2024G to SAR 5.3 million in the six-month period ending June 30, 2025G, in line with the increase in production volume and the rise in the Company's operating activities during the same period.

Maintenance

Maintenance expenses, related to the costs of maintaining the Company's two factories, increased from SAR 1.5 million in the six-month period ending June 30, 2024G to SAR 1.7 million in the six-month period ending June 30, 2025G, in line with the increase in production volume and the rise in the Company's operational activities during the same period.

Provision for Slow-Moving Inventory

The provision for slow-moving inventory, which relates to obsolete inventory of goods ready for sale, amounted to SAR 5.3 million as of June 30, 2025G. Management decided to increase the provision by (+SAR 200 thousand), which resulted in the total balance of the provision for slow-moving inventory increasing from SAR 5.1 million as of December 31, 2024G to SAR 5.3 million as of June 30, 2025G.

Food

Food costs, which relate to the expenses of feeding the Company's factory workers, as the Company bears the expenses of feeding its workers and providing them with the three main meals, increased from 901 thousand Saudi Riyals in the six-month period ending June 30, 2024G to 925 thousand Saudi Riyals in the six-month period ending June 30, 2025G, in line with the increase in the number of employees from 374 employees in the six-month period ending June 30, 2024G to 406 employees in the six-month period ending June 30, 2025G.

Medical Expenses

Medical expenses include the medical insurance costs for the Company's factory employees, and increased from SAR 693 thousand in the six-month period ending June 30, 2024G to SAR 783 thousand in the six-month period ending June 30, 2025G, in line with the increase in the number of employees from 374 employees in the six-month period ending June 30, 2024G to 406 employees in the six-month period ending June 30, 2025G.

Insurance

Insurance costs relate to the expenses of insuring the factory's machinery and equipment, vehicle insurance, fire insurance and life insurance for factory employees, such that these costs decreased slightly from 521 thousand Saudi Riyals in the six-month period ending on June 30, 2024G to 460 thousand Saudi Riyals in the six-month period ending on June 30, 2025G.

Right-of-use asset depreciation

The right-of-use asset depreciation expense related to the Company's two factories decreased from SAR 506 thousand in the six-month period ending June 30, 2024G to SAR 482 thousand in the six-month period ending June 30, 2025G, in line with the lifespan and depreciation expense of the right-of-use assets.

Other costs

Other costs, which mainly include quality control expenses, government fees, VAT expenses, quarry fees, workers' accommodation rent, and other miscellaneous factory costs, decreased slightly from SAR 839 thousand in the six-month period ending June 30, 2024G to SAR 620 thousand in the six-month period ending June 30, 2025G. This decrease is mainly attributed to the decline in miscellaneous factory expenses during the period from SAR 376 thousand in the six-month period ending June 30, 2024G to SAR 73 thousand in the six-month period ending June 30, 2025G.

6-8-1-7 Consolidated Selling and Marketing Expenses

The following table shows the consolidated selling and marketing expenses for the six-month financial periods ending June 30, 2024G and 2025G:

Table No. (67): Consolidated Selling and Marketing Expenses for the six-month financial periods ending June 30, 2024G and 2025G

Sales and marketing expenses			
SAR'000	The six-month period ending on June 30, 2024G	The six-month period ending on June 30, 2025G	Change between the period ending June 30, 2024G and 2025G
Shipping Expenses	850	2,288	169.1%
Other Sales Staff Costs and Benefits	589	572	(2.8%)
Other	8	83	937.5%
Total Sales and Marketing Expenses	1,447	2,943	103.4%
Total Number of Employees at Year-End	26	39	13
Monthly Employee Salaries and Benefits (SAR in Thousands per Employee)	3.8	2.4	(1.3)
As a Percentage of Sales and Marketing Expenses			Centigrade point
Shipping Expenses	58.8%	77.7%	19.0
Other Sales Staff Costs and Benefits	40.7%	19.4%	(21.2)
Other	0.6%	2.8%	2.3
As a Percentage of Sales			Centigrade point
Shipping Expenses	3.5%	8.2%	4.7
Other Sales Staff Costs and Benefits	2.4%	2.1%	(0.3)
Other	0.0%	0.3%	0.3
Total Sales and Marketing Expenses	5.9%	10.6%	4.7

Source: Management Information

Shipping expenses

Shipping expenses relate to the costs of land and sea freight of goods sold to the Company's customers in the local and foreign markets, which increased from SAR 850 thousand in the six-month period ending June 30, 2024G to SAR 2.3 million in the six-month period ending June 30, 2025G. This increase is attributed to the increase in sales following the commencement of manufacturing and selling concrete manhole and pipe products during the period.

Salaries and Other Benefits for Sales Staff

Salaries, wages, and other benefits for sales staff relate to basic salaries, housing and transportation allowances, and other benefits specific to the sales team responsible for marketing the Company's products both domestically and internationally. Expenses for salaries, wages, and other benefits decreased slightly from SAR 589 thousand in the six-month period ending June 30, 2024G, to SAR 572 thousand in the six-month period ending June 30, 2025G. This decrease is attributed to a reduction in the average monthly salary and benefits per employee from SAR 3.8 thousand in the six-month period ending June 30, 2024G, to SAR 2.4 thousand in the six-

month period ending June 30, 2025G. This reduction is offset by an increase in the number of employees from 26 in the six-month period ending June 30, 2024G, to 39 in the six-month period ending June 30, 2025G.

Other expenses

Other sales and marketing expenses mainly relate to advertising, events and exhibition costs, which increased from SAR 8 thousand in the six-month period ending June 30, 2024G to SAR 83 thousand in the six-month period ending June 30, 2025G. This is mainly attributed to increased sales and expansion of business activities during the same period.

6-8-1-8 Consolidated General and Administrative Expenses

The following table shows the consolidated general and administrative expenses for the six-month financial periods ending on June 30, 2024G and 2025G:

Table No. (68): Consolidated General and Administrative Expenses for the six-month financial periods ending June 30, 2024G and 2025G

General and administrative expenses			
SAR'000	The six-month period ending on June 30, 2024G	The six-month period ending on June 30, 2025G	Change between the period ending June 30, 2024G and 2025G
Employee Salaries and Benefits	6,410	7,292	13.8%
Professional Fees and Consultations	752	672	(10.6%)
Board Member Remuneration and Allowances	1,006	1,006	0.0%
Depreciation of Right of Use of Assets	249	163	(34.4%)
Insurance and Medical Expenses	120	123	2.5%
Maintenance	18	46	159.2%
Banking Expenses	56	203	261.1%
Travel and transportation	66	56	(14.5%)
Other	661	954	44.5%
Total General and Administrative Expenses	9,336	10,516	12.6%
Total Number of Employees at Year-End	11	11	-
Monthly Employee Salaries and Benefits (SAR in Thousands per Employee)	97.1	110.5	13.4
As a Percentage of General and Administrative Expenses		Centigrade point	
Employee Salaries and Benefits	68.7%	69.3%	0.7
Professional Fees and Consultations	8.0%	6.4%	(1.7)
Board Members' Remuneration and Allowances	10.8%	9.6%	(1.2)
Depreciation of Right of Use of Assets	2.7%	1.6%	(1.1)
Insurance and Medical Expenses	1.3%	1.2%	(0.1)
Maintenance	0.2%	0.4%	0.2
Bank charges	0.6%	1.9%	1.3
Travel and transportation	0.7%	0.5%	(0.2)

General and administrative expenses			
SAR'000	The six-month period ending on June 30, 2024G	The six-month period ending on June 30, 2025G	Change between the period ending June 30, 2024G and 2025G
Other	7.1%	9.1%	2.0
As a percentage of sales			Centigrade point
Salaries and employee benefits	26.2%	26.2%	0.0
Professional fees and consultancy	3.1%	2.4%	(0.7)
Board members' remuneration and allowances	4.1%	3.6%	(0.5)
Depreciation of right-of-use assets	1.0%	0.6%	(0.4)
Insurance and medical expenses	0.5%	0.4%	(0.0)
Maintenance	0.1%	0.2%	0.1
Bank charges	0.2%	0.7%	0.5
Travel and transportation	0.3%	0.2%	(0.1)
Other	2.7%	3.4%	0.7
Total general and administrative expenses	38.1%	37.8%	(0.4)

Source: Management Information

Employee Salaries and Benefits

Employee salaries and benefits, including basic salaries, housing and transportation allowances, and other employee allowances, for senior management and administrative staff at the Company increased from SAR 6.4 million in the six-month period ending June 30, 2024G, to SAR 7.3 million in the six-month period ending June 30, 2025G. This is mainly attributed to the increase in the average monthly salary and benefits per employee from SAR 97.1 thousand in the six-month period ending June 30, 2024G, to SAR 110.5 thousand in the six-month period ending June 30, 2025G, as a result of the increase in the General Manager's salary and allowances from SAR 62 thousand per month in the six-month period ending June 30, 2024G, to SAR 100 thousand per month in the six-month period ending June 30, 2025G.

Professional Fees and Consultations

Professional fees and consultations related to the Company's external and internal auditor fees and legal and financial consulting fees decreased from SAR 752 thousand in the six-month period ending June 30, 2024G to SAR 672 thousand in the six-month period ending June 30, 2025G. This decrease is mainly attributed to the decline in legal and financial consulting fees during the six-month period ending June 30, 2025G.

Remuneration and allowances for Board members

The expenses for remuneration and allowances for board members relate to the annual entitlements of the board of directors, which include (1) board incentives (SAR 1.5 million), (2) board committee incentives (SAR 378 thousand), in addition to (3) incentives for board and committee meetings, which depend on the number of meetings held during the year. The expenses for remuneration and allowances for board members amounted to SAR 1.0 million in the six-month period ending June 30, 2024G and 2025G.

Depreciation of the Right of Use of Assets

The depreciation expense of the right of use of assets related to the Company's headquarters decreased from SAR 249, thousand in the six-month period ending June 30, 2024G to SAR 163 thousand in the six-month period ending June 30, 2025G, in line with the fixed installment of the Company's headquarters lease.

Insurance and Medical Expenses

Insurance and medical expenses, which include medical insurance costs for the Company's senior management staff, increased from SAR 120 thousand in the six-month period ending June 30, 2024G to SAR 123 thousand in the six-month period ending June 30, 2025G, as a result of increased medical expenses during the period under analysis.

Maintenance

Maintenance expenses, mainly related to the costs of repairing and maintaining the Company's management office, increased from SAR 18 thousand in the six-month period ending June 30, 2024G to SAR 46 thousand in the six-month period ending June 30, 2025G, as a result of the Company incurring additional costs related to decoration work at its headquarters during the period.

Banking Expenses

Banking expenses, which mainly relate to fees imposed on bank transfers and other fees associated with services provided by banks, decreased from SAR 56 thousand in the six-month period ending June 30, 2024G to SAR 203 thousand in the six-month period ending June 30, 2025G. This increase is attributed to the increase in business activity and company operations during the same period.

Travel and Transportation

Travel and transportation expenses, related to administrative business trips, decreased from SAR 66 thousand in the six-month period ending June 30, 2024G to SAR 56 thousand in the six-month period ending June 30, 2025G, due to a decrease in the number of business trips during the same period.

Other Expenses

Other general and administrative expenses, which consist of electricity, water, IT, hospitality and other general expenses related to the management office, increased from SAR 661 thousand in the six-month period ending June 30, 2024G to SAR 954 thousand in the six-month period ending June 30, 2025G, in line with the increased needs and requirements of the Company's headquarters during the period.

6-8-2 Statement of Financial Position for the fiscal years ending December 31, 2022G and 2023G and Consolidated Statement of Financial Position for the fiscal year ending December 31, 2024G and as the period ended on 30 June 2025G

The following table shows the Statement of Financial Position as of December 31, 2022G, 2023G, and 2024G and the period ending on 30 June 2025G:

Table No. (69): Statement of Financial Position as of December 31, 2022G, 2023G, 2024G and the period ending on 30 June 2025G

Statement of Financial Position				
SAR'000	As of December 31, 2022G (adjusted)	As of December 31, 2023G (adjusted)	As of December 31, 2024G Consolidated and reviewed	As of June 30, 2025G Unified and unrevised
Assets				
Non-current Assets				
Property, Plant, and Equipment	166,631	116,935	63,087	61,959
Intangible Assets	342	158	7,618	7,594
Right-of-Use Assets	6,442	6,784	10,150	9,505
Advance Payments for Purchase of Machinery and Equipment	1,208	-	-	-
Capital Work-in-Progress	5,572	-	430	7,538
Total Non-current Assets	180,196	123,877	81,285	86,596
Current Assets				
Prepaid Expenses and Other Assets	3,503	1,499	5,627	8,729
Inventory	40,694	44,659	42,854	42,636
Trade Receivables	38,052	25,418	20,972	18,659
Cash and Cash Equivalents	39,135	44,679	4,218	6,118
Total Current Assets	121,385	116,255	73,671	76,142
Total Assets	301,580	240,132	154,956	162,738
Equity and Liabilities				
Equity				
Capital	150,000	150,000	150,000	150,000
Statutory Reserve	75,000	75,000	-	-
Accumulated Losses/Retained Earnings	43,535	(15,126)	(47,963)	(68,174)
Net Equity	268,535	209,874	102,037	81,826
Non-current Liabilities				
Lease Obligations - Non-Current Portion	5,196	5,951	8,524	8,391
Defined Benefit Plan Obligations	12,756	11,768	11,629	11,159
Deferred Government Grants	-	-	2,179	2,140
Total Non-current Liabilities	17,951	17,719	22,332	21,689
Current Liabilities				
Lease Obligations - Current Portion	902	882	1,207	1,268
Long-term Loan	-	-	12,060	12,228

Statement of Financial Position				
SAR'000	As of December 31, 2022G (adjusted)	As of December 31, 2023G (adjusted)	As of December 31, 2024G Consolidated and reviewed	As of June 30, 2025G Unified and unrevised
Short-term Murabaha	-	-	5,000	25,000
Accrued Expenses and Other Liabilities	7,319	5,724	4,749	8,277
Contract Obligations with Customers	774	411	738	1,148
Trade Payables	3,239	1,494	4,157	9,655
Deferred Government Grants	-	-	79	79
Zakat Due	2,860	4,029	2,597	1,567
Total Liabilities Current	15,094	12,539	30,588	59,222
Total Liabilities	33,045	30,258	52,920	80,911
Total Equity and Liabilities	301,580	240,132	154,956	162,738
Key Performance Indicators				
Inventory days	206	238	249	232
Accounts Receivable days	182	123	131	121
Accounts Payable days	16	8	24	52
Cash days	372	353	356	300
Return on Assets	(2.9%)	(24.6%)	(70.0%)	(12.4%)
Return on Equity	(3.3%)	(28.2%)	(106.3%)	(24.7%)

Source: Financial statements and management information.

6-8-2-1 Non-current Assets

The following table shows non-current assets as of December 31, 2022G, 2023G, and 2024G and the period ending on June 30, 2025G:

Table No. (70): non-current assets as of December 31, 2022G, 2023G and 2024G and the period ending on June 30, 2025G

Non-Current Assets				
SAR'000	As of December 31, 2022G	As of December 31, 2023G	As of December 31, 2024G	As of June 30, 2025G
Property, plant, and equipment	166,631	116,935	63,087	61,959
Intangible assets	342	158	7,618	7,594
Right-of-use assets	6,442	6,784	10,150	9,505
Advances for the purchase of machinery and equipment	1,208	-	-	-
Capital work in progress	5,572	-	430	7,538
Total non-current assets	180,196	123,877	81,285	86,596

Source: Financial statements and management information

The following table shows property, plant and equipment as of December 31, 2022G, 2023G and 2024G and the period ending on June 30, 2025G:

Table No. (71): Property, plant and equipment as of December 31, 2022G, 2023G and 2024G and the period ending on June 30, 2025G

Properties, Plant and Equipment														
SAR'000	Net book value as of December 31, 2022G	Additions	Depreciation	Transfer from Capital work in progress	Transfer from Spare parts assets	Impairment losses	Disposals	Net book value as of December 31, 2023G	Additions resulting from the acquisition of a subsidiary	Additions	Depreciation	Impairment losses	Net book value as of December 31, 2024G	As of June 30, 2025
Buildings on Leased Land	33,626	40	(2,145)	2,560	-	(9,684)	-	24,397	14,819	-	(1,885)	(17,043)	20,288	19,835
Machinery and Equipment	130,942	363	(10,845)	5,228	-	(35,713)	-	89,975	16,948	2,321	(8,119)	(61,662)	39,462	38,339
Vehicles	0	758	(126)	-	-	(180)	(0)	452	101	26	(129)	(266)	185	160
Furniture and Furnishings	53	38	(17)	-	-	(21)	-	53	35	15	(18)	(37)	48	46
Heavy Equipment	673	-	(195)	-	-	(130)	(19)	328	1,767	-	(238)	(176)	1,683	1,598
Computers and Printers	24	100	(18)	-	-	(30)	-	75	(2)	119	(39)	(79)	75	76
Leasehold Improvements	0	-	-	-	-	-	-	0	-	1,025	(9)	-	1,017	1,628
Spare Parts	1,313	-	(292)	-	1,290	(657)	-	1,655	-	-	(350)	(975)	330	278
Total	166,631	1,299	(13,638)	7,787	1,290	(46,414)	(19)	116,935	33,669	3,506	(10,786)	(80,238)	63,087	61,959

Source: Financial statements and management information.

Property, plant and equipment as of June 30, 2025G, consists of (a) machinery and equipment (representing 61.9% of gross net book value), (b) buildings erected on leased land (representing 32.0% of gross net book value), (c) heavy equipment (representing 2.6% of gross net book value), (d) improvements to leased buildings (representing 2.6% of gross net book value), (e) spare parts (representing 0.4% of gross net book value), (f) motor vehicles (representing 0.3% of gross net book value), (g) computers and printers (representing 0.1% of gross net book value) and (h) furniture and furnishings (representing 0.1% of gross net book value).

The total book value of property, plant and equipment decreased from SAR 166.6 million as of December 31, 2022G to SAR 116.9 million as of December 31, 2023G, as a result of impairment losses on property, plant and equipment amounting to (- SAR 46.4 million) for the fiscal year 2023G, due to an impairment indicator in the value of property, plant and equipment, in addition to depreciation expenses during the year amounting to (-SAR 13.6 million), which was offset by additions amounting to (+ SAR1.3 million) during the same period.

As of December 31, 2024G, the decrease in the total book value of property, plant and equipment amounted to SAR 63.1 million as of December 31, 2024G, due to impairment losses on property, plant and equipment amounting to (-SAR 80.2 million) in the fiscal year ending December 31, 2024G, in addition to depreciation expenses during the year amounting to (-SAR 10.8 million), which

was offset by additions amounting to (+SAR 37.2 million) during the same fiscal year, mainly related to additions resulting from the Company's acquisition of Saudi Land Factory Company (+SAR 33.7 million) during the fiscal year ending December 31, 2024G.

As of June 30, 2025G, the net book value of property, plant and equipment decreased to SAR 61.9 million, as a result of depreciation expenses amounting to (-SAR 2.4 million), which were offset by additions of (+SAR 1.3 million), mainly related to machinery and equipment (+SAR 626 thousand) and improvements to leased properties (+SAR 639 thousand).

Intangible assets decreased from SAR 342 thousand as of December 31, 2022G, to SAR 158 thousand as of December 31, 2023G, related to the accounting and administrative system of the Saudi Vitriified Clay Pipe Company (Clay), as a result of amortization costs of intangible assets (-SAR 342 thousand), with no additions to intangible assets during the same year. As of December 31, 2024G, the increase in the total book value of intangible assets to SAR 7.6 million is due to goodwill resulting from the Company's acquisition of the Saudi Land Factory (+SAR 7.4 million) during the fiscal year 2024G.

As of June 30, 2025G, intangible assets decreased to SAR 7.6 million, as a result of amortization expenses for intangible assets, with no additions to intangible assets during the same period.

The following table shows the right-of-use assets as of December 31, 2022G, 2023G, and 2024G and the period ending on June 30, 2025G:

Table No.(72): Right-of-use assets as of December 31, 2022G, 2023G and 2024G and the period ending on June 30, 2025G

Right-of-use assets										
SAR'000	As of December 31, 2022G	Additions	Amortization	As of December 31, 2023G	Additions	Amortization	Amortization from acquisition of subsidiaries	As of December 31, 2024G	Amortization	As of June 30, 2025G
Factories	6,226	-	(564)	5,662	5,205	(949)	(718)	9,200	(482)	8,719
Headquarters	216	1,257	(351)	1,122	155	(327)	-	950	(163)	786
Total	6,442	1,257	(915)	6,784	5,360	(1,276)	(718)	10,150	(645)	9,505

Source: Management Information.

The right-of-use assets relate to the Company's three factories and its headquarters as of June 30, 2025G. The right-of-use assets increased from SAR 6.4 million as of December 31, 2022G, to SAR 6.8 million as of December 31, 2023G, as a result of the Company's headquarters additions amounting to (+SAR 1.3 million), which are mainly related to the recalculation of the lease value (IFRS 16) during the same fiscal year. These additions were offset by amortization expenses amounting to (-SAR 915 thousand) during the same period.

As of December 31, 2024G, right-of-use assets increased to SAR 10.2 million, as a result of factory additions amounting to SAR 5.2 million, related to the Saudi Land Company factory (+SAR 4.5 million) acquired during the fiscal year 2024G and the additions of the Laffan Company factory (+SAR 689 thousand) during the same year.

As of June 30, 2025G, the net book value of the right-of-use assets decreased to SAR 9.5 million, as a result of amortization expenses amounting to (-SAR 645 thousand), without recording any additions during the same period.

The balance of advance payments for the purchase of machinery and equipment amounted to SAR 1.2 million as of December 31, 2022G. This represents the cost of purchasing machinery and equipment to replace those damaged in a fire at the Company's first

factory during fiscal year 2021G. These machines were received and the balance of advance payments settled during fiscal year 2023G.

The balance of capital work-in-progress amounted to SAR 5.6 million as of December 31, 2022G. This primarily relates to the reconstruction of the building damaged by the fire that occurred during fiscal year 2021G at the Company's first factory. This work was completed during fiscal year 2023G and transferred to property, plant, and equipment.

As of December 31, 2024G, capital work in progress amounted to SAR 430 thousand, which relates to the cost of materials to be used to construct the Laffan Pipes Company factory building, in addition to some equipment to be used in the new factory.

As of June 30, 2025G, the balance of ongoing capital works increased to SAR 7.5 million, mainly related to costs related to the ongoing construction work for the Laffan Pipe Company factory, which is expected to be completed by the end of the fiscal year 2025G.

6-8-2-2 Current Assets

The following table shows the current assets as of December 31, 2022G, 2023G, and 2024G and the period ending on June 30, 2025G:

Table No. (73): Current assets as of December 31, 2022G, 2023G and 2024G and the period ending on June 30, 2025G

Current Assets				
SAR'000	As of December 31, 2022G	As of December 31, 2023G	As of December 31, 2024G	As of June 30, 2025G
Prepaid expenses and other assets	3,503	1,499	5,627	8,729
Inventory	40,694	44,659	42,854	42,636
Trade receivables	38,052	25,418	20,972	18,659
Cash and cash equivalents	39,135	44,679	4,218	6,118
Total current assets	121,385	116,255	73,671	76,142

Source: Financial statements and management information.

Prepaid Expenses and Other Assets

Prepaid expenses and other assets, which primarily consist of advance payments for the purchase of machinery and equipment, advances to suppliers, letters of credit, prepaid expenses, value-added tax, refundable insurance, and employee advances, decreased from SAR 3.5 million as of December 31, 2022G, to SAR 1.5 million as of December 31, 2023G, due to the closing of letters of credit (-SAR 1.1 million) and a decrease in advance payments to suppliers (-SAR 1.1 million) during the same period.

As of December 31, 2024G, prepaid expenses and other assets increased to SAR 5.6 million, due to an increase in advance payments for machinery and equipment (+SAR 3.5 million), which represents the cost of purchasing machinery and equipment for use in the Saudi Land Cement Products Company (the subsidiary) plant during the fiscal year 2024G, in addition to an increase in advance payments to suppliers (+SAR 658 thousand) between the fiscal years ending December 31, 2023G and December 31, 2024G.

As of June 30, 2025G, prepaid expenses and other assets increased to SAR 8.7 million, mainly due to an increase in prepaid expenses (+SAR 1.4 million), advance payments to suppliers (+SAR 966 thousand), and prepaid VAT expenses (+SAR 522 thousand) between December 31, 2024G, and June 30, 2025G.

The following table shows prepaid expenses and other assets as of December 31, 2022G, 2023G, and 2024G and the period ending on June 30, 2025G:

Table No. (74): Prepaid expenses and other assets as of December 31, 2022G, 2023G and 2024G and the period ending on June 30, 2025G

Prepaid expenses and other assets				
SAR'000	As of December 31, 2022G	As of December 31, 2023G	As of December 31, 2024G	As of June 30, 2025G
Advances for the purchase of machinery and equipment	-	-	3,451	3,568
Advances to suppliers	1,537	479	1,138	2,104
Prepaid expenses	740	871	438	1,877
Value added tax	-	-	355	877
Refundable deposits	145	145	171	197
Letters of guarantee	-	-	50	50
Employee advances	16	3	25	58
Letter of credit	1,064	-	-	-
Total	3,503	1,499	5,627	8,729

Source: Management information.

Advances to purchasing machinery and equipment

The balance of advance payments for the purchase of machinery and equipment amounted to SAR 3.5 million as of December 31, 2024G, and SAR 3.6 million as of June 30, 2025G (none as of December 31, 2022G, and 2023G). This represents the cost of purchasing machinery and equipment for use at the Saudi Land Cement Products Company (a subsidiary), which will be delivered and installed during the second half of fiscal year 2025G.

Advances to Suppliers

Advances to suppliers, primarily related to advance payments for the purchase of machinery, equipment, raw materials, and spare parts for the Company, decreased from SAR 1.5 million as of December 31, 2022G, to SAR 479 thousand as of December 31, 2023G. This decrease resulted from a reduction in the balances of Supplier «1» (-SAR 384 thousand), Supplier «2» (-SAR 337 thousand), and Supplier «3» (-SAR 156 thousand) between December 31, 2022G and 2023G.

As of December 31, 2024G, the outstanding balance of advance payments to suppliers increased to SAR 1.1 million, due to increases in the balance of Laffan Pipe Company (+SAR 255 thousand), Supplier «4» (+SAR 238 thousand), Supplier «5» (+SAR 100 thousand), and Supplier «6» (+SAR 76 thousand) as of December 31, 2024G. As of June 30, 2025G, the outstanding balance of advance payments to suppliers increased to SAR 2.1 million, due to increases in the balances of raw material and maintenance service suppliers for the concrete pipe sector.

Prepaid Expenses

Prepaid Expenses consist of health insurance expenses, rental expenses, ERP system upgrade expenses, annual trading fees expenses, company external auditor expenses, quarry expenses and prepaid zakat expenses, where prepayments increased from SAR 740 thousand as of December 31, 2022G to SAR 871 thousand as of December 31, 2023G, as a result of an increase in prepaid rental expenses by (SAR 163 thousand), in addition to an increase in prepaid ERP system upgrade expenses by (SAR 61 thousand) between the fiscal years 2022G and 2023G. As of December 31, 2024G, prepaid expenses decreased to SAR 438 million, primarily due to a decrease in prepaid insurance expenses from SAR 647 thousand as of December 31, 2023G, to SAR 438 thousand as of December 31, 2024G.

As of June 30, 2025G, prepayments increased significantly to SAR 1.9 million. This increase was mainly due to prepaid insurance expenses (+SAR 1.2 million) related to the Company's insurance policies expiring at the end of the fiscal year, representing the remaining prepaid insurance expenses for the next six months, in addition to an increase in prepaid zakat expenses (+SAR 540 thousand) during the same period.

Value Added Tax (VAT)

Value Added Tax (VAT) increased from SAR 355 thousand as of December 31, 2024G to SAR 877 thousand as of June 30, 2025G, in line with the increase in sales during the six-month period ending June 30, 2025G.

Refundable deposits

Refundable deposits amounted to SAR 171 thousand as of December 31, 2024G (SAR 145 thousand as of December 31, 2022G, and December 31, 2023G). These amounts relate to the amount paid as a guarantee to the Ministry of Industry and Mineral Resources to issue the Company a mining license (SAR 100 thousand), cash guarantees paid to the Customs Authority, and the refundable guarantee paid for the head office rent.

As of June 30, 2025G, refundable deposits increased slightly to SAR 196 thousand primarily due to a SAR 52 thousand refund related to the lease agreement for the land used by Laffan Pipes Company's factory.

Letters of Guarantee

The total value of letters of guarantee amounted to SAR 50 thousand as of December 31, 2024G, and June 30, 2025G.

Employee Advances

The balance of employee advances and commitments, which includes employee loans, salaries, vacations, and prepaid employee travel tickets, decreased from SAR 16 thousand as of December 31, 2022G, to SAR 3 thousand as of December 31, 2023G, due to a decrease in the Company's employee numbers during the same period (-22 employees) and management's decision to settle outstanding balances. Meanwhile, the balance of employee advances and commitments increased slightly to SAR 25 thousand as of December 31, 2024G.

As of June 30, 2025G, advances to employees increased to SAR 58 thousand, driven by an increase in the number of employees by (+25 employees) between December 31, 2024G and June 30, 2025G.

Letter of Credits

The balance of letter of credits amounted to SAR 1.1 million as of December 31, 2022G, (None as of December 31, 2023G and 2024G and the period ending as of June 30, 2025G), relating to the credit amount related to the new welding/joining machine the Company purchased in fiscal year 2022G following the fire that occurred at the Company's factory.

Inventory

Inventory increased from SAR 40.7 million as of December 31, 2022G, to SAR 44.7 million as of December 31, 2023G, due to an increase in finished goods inventory by (+SAR 5.1 million) and in-process inventory by (+SAR 2.6 million), despite a decrease in spare parts inventory by (-SAR 2.1 million) between the fiscal years ending December 31, 2022G, and December 31, 2023G.

As of December 31, 2024G, inventory decreased to SAR 42.9 million, due to a decrease in raw materials inventory by (-SAR 1.5 million) and under process inventory by (-SAR 1.1 million) between the fiscal years ending December 31, 2023G, and December 31, 2024G.

As of June 30, 2025G, the inventory decreased to SAR 42.6 million, as a result of the decrease in spare parts inventory from SAR 17.4 million as of December 31, 2024G to SAR 16.6 million as of June 30, 2025G, in addition to the decrease in the finished goods inventory balance by (-SAR 633 thousand) during the same period.

The following table shows the inventory as of December 31, 2022G, 2023G, and 2024G and the period ending on June 30, 2025G:

Table No. (75): Inventory as of December 31, 2022G, 2023G and 2024G and the period ending on June 30, 2025G

Inventory				
SAR'000	As of December 31, 2022G	As of December 31, 2023G	As of December 31, 2024G	As of June 30, 2025G
Spare Parts	17,562	15,448	17,360	16,617
Work-in-Process Inventory	10,348	12,961	11,864	12,412
Finished Inventory	3,603	8,750	10,761	10,128
Raw Materials	7,946	7,282	5,771	6,736
Accessories Inventory	2,299	2,275	1,865	1,711
Packaging Materials Inventory	938	245	339	340
Provision for Damaged, Stagnant, and Slow-Moving Inventory	(2,002)	(2,302)	(5,106)	(5,306)
Total	40,694	44,659	42,854	42,636
Performance Indicators				
Inventory days	206	238	249	232

Source: Management Information

Saudi Vitrified Clay Pipe Company's inventory consists of (a) spare parts, (b) work-in-process inventory, (c) raw materials, (d) finished goods inventory, (e) accessories inventory, and (f) packaging materials inventory.

The inventory of spare parts fluctuated during the period under analysis, as the inventory of spare parts decreased from SAR 17.6 million as of December 31, 2022G to SAR 15.4 million as of December 31, 2023G, and then increased to SAR 17.4 million as of December 31, 2024G, before decreasing again to SAR 16.6 million as of June 30, 2025G, in line with the fluctuations in the Company's operations and activities during the same period.

While the fluctuation in the work-in-process inventory balance is mainly due to the fluctuation in sales orders during the period under analysis, it rose from SAR 10.4 million as of December 31, 2022G to SAR 13.0 million as of December 31, 2023G, before falling to SAR 11.9 million as of December 31, 2024G, and then rising again to SAR 12.4 million as of June 30, 2025G.

Finished goods inventory increased from SAR 3.6 million as of December 31, 2022G, to SAR 8.8 million as of December 31, 2023G, due to higher production levels and some customers rescheduling their shipments to meet their liquidity requirements. As of December 31, 2024G, finished goods inventory increased to SAR 10.8 million as a result of some customers rescheduling their shipments to

meet their liquidity requirements. As of June 30, 2025G, finished goods inventory decreased to SAR 10.1 million, in line with the gradual increase in sales during the same period.

Raw material inventory decreased from SAR 7.9 million as of December 31, 2022G, to SAR 7.3 million as of December 31, 2023G, and then further to SAR 5.8 million as of December 31, 2024G, due to a decrease in production in line with a decline in sales during the same period. As of June 30, 2025G, raw material inventory increased to SAR 6.7 million as a result of increased production following the Company's commencement of production and sale of cement manholes and pipes.

The inventory balance of accessories decreased from SAR 2.3 million as of December 31, 2022G, to SAR 2.3 million as of December 31, 2023G, and then to SAR 1.9 million as of December 31, 2024G, in line with the decline in sales of the Clay pipe segment during the same period. As of June 30, 2025G, the inventory balance of accessories decreased to SAR 1.7 million as a result of the decline in sales of the Clay pipe segment during the six-month period ending June 30, 2025G.

The inventory balance of packaging materials decreased from SAR 938 thousand as of December 31, 2022G, to SAR 245 thousand as of December 31, 2023G, due to a decline in sales between fiscal years 2022G and 2023G. As of December 31, 2024G, the inventory balance of packaging materials increased slightly to SAR 339 thousand. The inventory balance of packaging materials remained stable at SAR 340 thousand as of June 30, 2025G.

The provision for damaged, dead and slow-moving inventory amounted to SAR 2.0 million as of December 31, 2022G, which relates to the Company's inventory of spare parts that have remained in inventory for extended periods and are likely not to be used in the future. During the fiscal year 2023G, the Company recorded an additional provision of (+SAR 300 thousand), increasing the provision for damaged, dead, and slow-moving inventory to SAR 2.3 million as of December 31, 2023G. During the fiscal year 2024G, the Company recorded an additional provision of (+SAR 2.8 million), which increased the provision for damaged, stagnant and slow-moving inventory to SAR 5.1 million as of December 31, 2024G.

As of June 30, 2025G, the Company calculated an additional provision of (+SAR 200 thousand) for spare parts inventory, which raised the provision for damaged, stagnant and slow-moving inventory at the end of the six-month period ending June 30, 2025G to 5.3 million Saudi Riyals.

The following table shows trade receivables as of December 31, 2022G, 2023G, 2024G and as of June 30, 2025G:

Table No. (76): Trade Receivables as of December 31, 2022G, 2023G, and 2024G, and as of June 30, 2025G

Trade receivables				
SAR'000	As of December 31, 2022	As of December 31, 2023	As of December 31, 2024	As of June 30, 2025
Trade Receivables	54,008	36,884	29,416	26,986
Provision for Expected Credit Losses	(15,956)	(11,466)	(8,444)	(8,327)
Total	38,052	25,418	20,972	18,659
Key Performance Indicators				
Number of Days of Accounts Receivable	182	123	131	121

Source: Management Information.

Trade Receivables

The decrease in the trade receivables balance from SAR 38.1 million as of December 31, 2022G, to SAR 25.4 million as of December 31, 2023G, is due to lower sales during the period under analysis. Consequently, the accounts receivable days decreased from 182 days as of December 31, 2022G, to 123 days as of December 31, 2023G.

The trade receivables balance also decreased to SAR 21.0 million as of December 31, 2024G, in line with lower sales during the 2024G fiscal year. The increase in the trade receivables days, reaching 131 days, is due to lower collections during the 2024G fiscal year.

As of June 30, 2025G, trade receivables decreased to SAR 18.7 million, despite a slight increase in sales. This is attributed to enhanced collection efforts by management, which in turn reduced the number of days of receivables to 121 days in the six-month period ending June 30, 2025G. to 121 days in the six-month period ending June 30, 2025G.

The provision for expected credit losses represents Saudi Vitrified Clay Pipe Company's view on the impact of current and future economic conditions on the amount of gains or losses related to trade receivables, in accordance with International Financial Reporting Standard 9, by age class of trade receivables. The provision for expected credit losses for the Saudi Vitrified Clay Pipe Company amounted to SAR 8.3 million as of June 30, 2025G.

During fiscal year 2022G, the Company wrote off a provision of SAR 516 thousand, reducing the expected credit loss provision balance as of December 31, 2022G, to SAR 16.0 million. The Company also reversed an additional provision of SAR 1.4 million and wrote off SAR 3 million from the expected credit loss provision during fiscal year 2023G, reducing the expected credit loss provision balance to SAR 11.5 million as of December 31, 2023G.

In fiscal year 2024G, the Company reversed an expected credit loss provision of SAR 2.6 million and wrote off doubtful debts of SAR 384 thousand, reducing the expected credit loss provision balance to SAR 8.4 million as of December 31, 2024G. As of June 30, 2025G, the Company reversed an expected credit loss provision of SAR 117 thousand, further reducing the expected credit loss provision balance to SAR 8.3 million as of June 30, 2025G.

The following table shows the trade receivables ageing as of December 31, 2022G, 2023G, and 2024G and the period ending on June 30, 2025G:

Table No. (77) Trade receivables ageing as of December 31, 2022G, 2023G, and 2024G and the period ending on June 30, 2025G

Trade receivables ageing				
SAR'000	As of December 31, 2022G	As of December 31, 2023G	As of December 31, 2024G	As of June 30, 2025G
Between 61-90 days	22,211	18,578	17,379	16,032
Between 91-180 days	4,258	2,536	1,157	2,082
Between 181-360 days	7,766	3,877	3,915	1,644
Over 360 days	19,773	11,894	6,965	7,228
Gross trade receivables	54,008	36,884	29,416	26,986
Provision for expected credit losses	(15,956)	(11,466)	(8,444)	(8,327)
Net trade receivables	38,052	25,418	20,972	18,659

Source: Management information.

The table above shows the trade receivables aging, broken down by age group. Approximately 59% of the Company's total trade receivables are concentrated in periods less than 90 days as of December 31, 2024G (approximately 50% for the same age group as of December 31, 2023G). The maturity period granted to the Company's customers ranges from 30 to 60 days, and this period varies depending on the sales volume and credit history of each customer. Customers are invoiced upon receipt of goods.

6-8-2-3 Non-Current Liabilities

The following table shows non-current liabilities as of December 31, 2022G, 2023G, and 2024G and the period ending on June 30, 2025G:

Table No. (78): Non-current liabilities as of December 31, 2022G, 2023G and 2024G and the period ending on June 30, 2025G

Non-current liabilities				
SAR'000	As of December 31, 2022G	As of December 31, 2023G	As of December 31, 2024G	As of June 30, 2025G
Lease Liabilities - Non-Current Portion	5,196	5,951	8,524	8,391
Employee Defined Benefit Plan Obligations	12,756	11,768	11,629	11,159
Deferred Government Grants	-	-	2,179	2,140
Total Non-Current Liabilities	17,951	17,719	22,332	21,689

Source: Financial Statements and Management Information

Lease Liabilities - Non-Current Portion

Lease liabilities related to the Company's industrial land and headquarters increased from SAR 5.2 million as of December 31, 2022G, to SAR 6.0 million as of December 31, 2023G, in line with the carrying value of the right-of-use assets during the same period. As of December 31, 2024G, the balance of lease liabilities (non-current portion) increased to SAR 8.5 million due to the additions made by the Company related to the Saudi Land Company factory, which was acquired during the fiscal year 2024G. As of June 30, 2025G, the non-current portion of lease liabilities decreased slightly to SAR 8.4 million, in line with the carrying value of right-of-use assets during the same period.

Employee Defined Benefit Plan Obligations

The employee benefit obligation balance relates primarily to the Company's end-of-service benefits, which fluctuated during the period under analysis in line with the Company's annual actuarial valuation, decreasing from SAR 12.8 million as of December 31, 2022G, to SAR 11.8 million as of December 31, 2023G, and to SAR 11.6 million as of December 31, 2024G. As of June 30, 2025G, the balance of defined employee benefits plan liabilities decreased slightly to SAR 11.2 million.

Deferred Government Grants

The balance of deferred government grants decreased from SAR 2.2 million as of December 31, 2024G to SAR 2.1 million as of June 30, 2025G (nil as of December 31, 2022G and 2023G). This relates to the dues of the government loan granted by the Saudi Industrial Development Fund to Saudi Land Factory Company, which was obtained during the fiscal year 2019G. The loan granted by the Saudi Industrial Development Fund was considered a government grant, given that the Saudi Industrial Development Fund is a government entity and the Company obtained the loan interest-free. Furthermore, the loan met the conditions associated with the government grant (Standard 9).

6-8-2-4 Current Liabilities

The following table shows current liabilities as of December 31, 2022G, 2023G, and 2024G and the period ending on June 30, 2025G:

Table No. (79): Current liabilities as of December 31, 2022G, 2023G and 2024G and the period ending on June 30, 2025G

Current Liabilities				
SAR'000	As of December 31, 2022G	As of December 31, 2023G	As of December 31, 2024G	As of June 30, 2025G
Lease Liabilities - Current Part	902	882	1,207	1,268
Long-Term Loan	-	-	12,060	12,228
Short-Term Murabaha	-	-	5,000	25,000
Accrued Expenses and Other Liabilities	7,319	5,724	4,749	8,277
Contract Liabilities with Customers	774	411	738	1,148
Trade Payables	3,239	1,494	4,157	9,655
Deferred Government Grants	-	-	79	79
Zakat Due	2,860	4,029	2,597	1,567
Total Current Liabilities	15,094	12,539	30,588	59,222

Source: Financial Statements and Management Information

Lease Liabilities - Current Portion

Lease liabilities related to the Company's industrial land and headquarters increased from SAR 902 thousand as of December 31, 2022G, to SAR 882 thousand as of December 31, 2023G, in line with the carrying value of the right-of-use assets during the same period. As of December 31, 2024G, the current portion of lease liabilities increased to SAR 1.2 million due to the additions made by the Company related to the Saudi Land Company factory, which was acquired during the fiscal year 2024G. As of June 30, 2025G, the current portion of lease liabilities increased slightly to SAR 1.3 million, in line with the book value of right-of-use assets during the same period.

Long-term Loan

Long-term loans increased by SAR 12.1 million as of December 31, 2024G to SAR 12.2 million as of June 30, 2025G. (None as of December 31, 2022G and December 31, 2023G), relating to the loan obtained by Saudi Land Factory for Cement Products (SLF) (the subsidiary) from the Saudi Industrial Development Fund (SIDF) during fiscal year 2019G. Saudi Land Factory for Cement Products (SLF) signed an interest-free long-term loan agreement with the SIDF to establish a factory for the production of reinforced concrete pipes and lined and unlined concrete pipes. The factory will be built on land leased from the Saudi Authority for Industrial Cities and Technology Zones under a lease agreement in Al-Kharj.

The total financing obtained by Saudi Land Factory Company (the subsidiary) amounted to SAR 15.9 million, in exchange for commitments to certain financial ratios and covenants, signing a promissory note for the full loan value, and a mortgage bond for the entire factory (building, machinery, transportation, furniture, office equipment, all expansions, and all factory accessories). On March 12, 2024G, the Fund's management approved the transfer of the loan obligations to the Saudi Vitrified Clay Pipe Company as a result of the acquisition, subject to the payment of the outstanding loan installments and accrued follow-up costs, with all provisions of the original loan agreement remaining in effect. During the fiscal year 2024G, the Saudi Vitrified Clay Pipe Company repaid SAR 3.1 million, bringing the balance as of December 31, 2024G, to SAR 12.8 million. (No payments were made during the six-month period ending June 30, 2025G), resulting in a balance of SAR 12.8 million as of December 31, 2024G. It should be noted that Saudi Land Factory for Cement Products (SLF) did not comply with one of the loan's ratio and commitment clauses related to maintaining a current ratio greater than 1. Therefore, the entire loan balance was reclassified as a current balance as of June 30, 2025G.

Short-term Murabaha

Short-term Murabaha amounts to SAR 5.0 million as of December 31, 2024 (nil as of December 31, 2022G and December 31, 2023G), related to the revolving loan obtained by the Saudi Vitrified Clay Pipe Company from the Saudi Investment Bank during the fiscal year 2024G to finance the Company's operations (working capital financing). These Murabahas are not covered by a personal guarantee or secured by a mortgage. The guarantees and commitments provided include the following:

- A duly signed facility agreement.
- Wakala to purchase and authorize the sale of goods.:

As of June 30, 2025G, the outstanding balance of short-term Murabaha financing increased to SAR 25.0 million as a result of additional financing obtained by the Saudi Vitrified Clay Pipe Company from the Saudi Investment Bank during the six-month period ending June 30, 2025G. This financing was used to fund the Company's operations (working capital) and the construction of the Laffan Pipes Company factory. Financing costs were incurred at prevailing market rates, based on Saudi interbank rates plus a fixed margin. Furthermore, the facility is secured by financial commitments and undertakings, and a promissory note was signed for the full value of the facility.

Accrued Expenses and Other Liabilities

Accrued expenses and other liabilities related to related party receivables, accrued employee salaries and benefits, value-added tax liabilities, dividends payable to shareholders, and other accrued expenses decreased from SAR 7.3 million as of December 31, 2022G, to SAR 5.7 million as of December 31, 2023G. This decrease was due to a decrease in accrued employee salaries and benefits from SAR 2.2 million as of December 31, 2022G, to SAR 1.6 million as of December 31, 2023G, and a decrease in other accrued expenses of (-SAR 675 thousand) between December 31, 2022G and 2023G.

Accrued expenses and other liabilities also decreased to SAR 4.7 million as of December 31, 2024G, as a result of a decrease in other accrued expenses by (-SAR 407 thousand), in addition to a decrease in value-added tax liabilities by (-SAR 370 thousand between) the fiscal years 2023G and 2024G.

As of June 30, 2025G, accrued expenses and other liabilities increased to SAR 8.3 million, as a result of an increase in the balance of accrued employee salaries and benefits by (+SAR 1.9 million), in addition to an increase in other accrued expenses by (+SAR 1.0 million) during the period between December 31, 2024G and June 30, 2025G.

The following table shows accrued expenses and other liabilities as of December 31, 2022G, 2023G, and 2024G and the period ending on June 30, 2025G:

Table No. (80): Accrued expenses and other liabilities as of December 31, 2022G, 2023G and 2024G and the period ending on June 30, 2025G

Accrued expenses and other liabilities				
SAR'000	As of December 31, 2022G	As of December 31, 2023G	As of December 31, 2024G	As of June 30, 2025G
Due to related parties	2,038	2,012	2,012	2,740
Employee salaries and benefits	2,206	1,586	1,388	3,252
Value-added tax liabilities	735	461	90	-
Dividends due to shareholders	82	82	82	82
Other	2,259	1,583	1,177	2,202
Total	7,319	5,724	4,749	8,277

Source: Management information.

Due to Related Parties

The balance of due to related parties relates to attendance fees and remuneration for members of the Board of Directors and its committees. The balance of due to related parties decreased by (-SAR 26 thousand) between December 31, 2022G and December 31, 2023G, to SAR 2.0 million, as a result of the settlement of the balance of dues to senior management (-SAR 77 thousand) during the fiscal year 2023G related to senior management remuneration. As of December 31, 2024G, due to related parties remained stable at SAR 2.0 million.

As of June 30, 2025G, the balance due to related parties increased to SAR 2.7 million, as a result of non-payment of the outstanding balance related to the fiscal year 2024G, in addition to an increase in the number of board meetings during the six-month period ending June 30, 2025G.

Employee Salaries and Benefits

The balance of accrued employee salaries and benefits related to end-of-service benefits, accrued vacation, tickets, and other miscellaneous expenses decreased from SAR 2.2 million as of December 31, 2022G, to SAR 1.6 million as of December 31, 2023G, due to a decrease in the number of employees by (-22 employees) between December 31, 2022G, and December 31, 2023G. As of December 31, 2024G, the balance of accrued employee salaries and benefits decreased to SAR 1.4 million as a result of a decrease in the number of employees from 459 employees in fiscal year 2023G to 431 employees in fiscal year 2024G.

As of June 30, 2025G, the balance of salaries and benefits due to employees increased to SAR 3.3 million, mainly due to the non-payment of the general manager's salary for six months (at a rate of SAR 250 thousand per month), in addition to an increase in the number of employees by +25 employees between December 31, 2024G and June 30, 2025G.

Value Added Tax Liabilities

The balance of VAT due decreased during the period under analysis, from SAR 735 thousand as of December 31, 2022G, to SAR 461 thousand as of December 31, 2023G, and SAR 90 thousand as of December 31, 2024G, due to lower sales during the same period. As of June 30, 2025G, all VAT dues were paid in full, and there was no outstanding balance during the same period.

Dividends due to shareholders

Dividends due to shareholders amounted to SAR 82 thousand as of December 31, 2022G, December 31, 2023G, December 31, 2024G and June 30, 2025G. These dividends relate to dividends declared by the Company to shareholders for years prior to fiscal year 2016 and have not been claimed since their declaration.

Other Accrued Expenses

The balance of other accrued expenses, primarily related to employee penalties, social insurance benefits, and other provisions, decreased from SAR 2.3 million as of December 31, 2022G, to SAR 1.6 million as of December 31, 2023G, due to a decrease in the balance of other provisions of (-SAR 631 thousand) between December 31, 2022G, and December 31, 2023G. As of December 31, 2024G, the balance of other accrued expenses decreased to SAR 1.2 million, due to a decrease in the balance of other provisions of (SAR -647 thousand) during the fiscal year 2024G. As of June 30, 2025G, other accrued expenses increased to SAR 2.2 million, due to an increase in accrued interest of (+SAR 689 thousand) during the same period.

Customer Contracts Liabilities

The balance of customer contracts liabilities relates to advance payments from the Company's customers. This balance decreased from SAR 774 thousand as of December 31, 2022G, to SAR 411 thousand as of December 31, 2023G, reflecting lower sales during the same period. As of December 31, 2024G, the balance of customer contract liabilities increased to SAR 738 thousand, reflecting higher unfilled orders as of December 31, 2024G. As of June 30, 2025G, the balance of contractual liabilities with customers increased to

SAR 1.1 million, as a result of the increased order schedule following the commencement of production and sale of concrete manhole and pipe products.

Trade Payables

Trade receivables primarily relate to the Company's main suppliers of gas, clay, fittings, glazing, wood, steel, packaging, and other materials. These receivables decreased from SAR 3.2 million as of December 31, 2022G, to SAR 1.5 million as of December 31, 2023G, due to a decrease in total supplier receivables balances of (-SAR 1.7 million), reflecting lower production and operational costs during the same period. As of December 31, 2024G, receivables increased to SAR 4.2 million, driven by a rise in supplier receivables balances of (+SAR 2.4 million) between December 31, 2023G, and December 31, 2024G.

As of June 30, 2025G, accounts payable increased to SAR 9.7 million as a result of an increase in the accounts payable balance for Supplier «1» (by +SAR 1.6 million), Supplier «2» (by +SAR 1.6 million), and Supplier «3» (by +SAR 613 thousand), in line with the increase in production and operation of the concrete pipe sector.

Zakat Due

The Zakat provision balance increased from SAR 2.9 million as of December 31, 2022G, to SAR 4.0 million as of December 31, 2023G, due to an increase in the Zakat base during the periods under review. Meanwhile, the Zakat provision decreased to SAR 2.6 million as of December 31, 2024G, due to a decrease in the Company's Zakat base and the payment of SAR 2.9 million during the same period. As of June 30, 2025G, it decreased to 1.6 million Saudi Riyals due to a decrease in the zakat base.

The following table shows the Zakat provision as of December 31, 2022G, 2023G, and 2024G and the period ending on June 30, 2025G:

Table No. (81): Zakat provision as of December 31, 2022G, 2023G, and 2024G and the period ending on June 30, 2025G

Zakat Provisions				
SAR'000	As of December 31, 2022G	As of December 31, 2023G	As of December 31, 2024G	As of June 30, 2025G
Balance at the beginning of the year/period	2,878	2,860	4,029	2,597
Provisions during the year/period	3,042	2,821	1,446	362
Differences from Zakat assessments	-	698	-	-
Payments during the year	(3,061)	(2,350)	(2,877)	(1,392)
Balance at the end of the year	2,860	4,029	2,597	1,567

Source: Management information.

The Company is subject to Zakat, which is due at a rate of 2.5% of the approximate Zakat base or adjusted net profit, whichever is higher. The main components of the Zakat base, according to the regulations of the General Authority of Zakat and Tax, are shareholders' equity, provisions at the beginning of the year, and adjusted net profit less the net book value of non-current assets.

The Saudi Vitrified Clay Pipe Company filed its Zakat returns and financial statements to the Zakat, Tax, and Customs Authority (the «**Authority**») through 2024G. It has paid its dues pursuant to these returns and obtained the required Zakat certificates.

The Company has finalized its Zakat status for the fiscal years 2017G, 2019G, 2020G, and 2023G, while it has not received any Zakat assessments for the fiscal year 2018G.

The Company has received preliminary Zakat assessments from the Authority for the years 2021G and 2022G and has referred them to the General Secretariat of the Tax Committees (the Resolution Committee), where the Company is still awaiting a final decision. It is worth noting that the Company has established a provision against the Zakat assessments received.

Saudi Land Factory for Cement Products (SLF) submitted its zakat returns and financial statements to the Zakat, Tax and Customs Authority up to the fiscal year 2024G and paid the due amount accordingly. It received a zakat certificate, which is still under review by the Zakat, Tax and Customs Authority. The Company has not yet received any zakat assessments.

Laffan Pipes Company submitted its zakat returns and financial statements to the Zakat, Tax and Customs Authority up to the fiscal year 2024G and paid the outstanding balance accordingly. It received the required certificates. The Company has not yet received any zakat assessments.

6-8-2-5 Owners' Equity

The following table shows the owners' equity as of December 31, 2022G, 2023G, and 2024G and the period ending on June 30, 2025G:

Table No. (82): Owners' Equity as of December 31, 2022G, 2023G and 2024G and the period ending on June 30, 2025G

Owners' Equity				
SAR'000	As of December 31, 2022G	As of December 31, 2023G	As of December 31, 2024G	As of June 30, 2025G
Capital	150,000	150,000	150,000	150,000
Statutory Reserve	75,000	75,000	-	-
Accumulated Losses/Retained Earnings	43,535	(15,126)	(47,963)	(68,174)
Net Equity	268,535	209,874	102,037	81,826

Source: Financial Statements and Management Information

Owners' equity consists of (1) capital (2) statutory reserve (3) accumulated losses:

Capital

The Company's capital is set at SAR 150 million, consisting of 15 million shares of equal Par value, each valued at SAR 10, all of which are cash ordinary shares.

On August 7, 2024G, the Saudi Vitrified Clay Pipe Company announced the board of directors' recommendation to increase its capital by SAR 80 million to reach SAR 230 million (+53.3%) through a Rights Issue. The Company is still completing the necessary regulatory procedures.

Statutory Reserve

The statutory reserve amounted to SAR 75 million as of December 31, 2022G and 2023G (None as of December 31, 2024G and June 30, 2025G). The Company set aside a certain percentage of net profits to form a reserve for the purposes specified in the Company's bylaws. According to the Company's bylaws, at least 10% of the annual net profit is set aside at the end of each fiscal year to form a statutory reserve. The general assembly may decide to discontinue this setting aside when the reserve reaches 30% of the Company's capital. A statutory reserve of 50% of the paid-up capital was set aside (according to the old bylaws).

Under the new Companies Law in the Kingdom of Saudi Arabia, which came into effect on January 19, 2023G, the Company is not required to maintain a statutory reserve, and the reserve balance may be transferred to retained earnings. Accordingly, the Company

has already transferred the statutory reserve balance to accumulated losses based on the decision of the Extraordinary General Assembly held on November 5, 2024G, and announced this on the Tadawul website on December 22, 2024G.

Accumulated Gains/(Losses)

Accumulated Gains/(losses) consist of accumulated net Income/(losses) after deducting dividends and transfers to reserves. Accumulated Gains/(losses) decreased from SAR 43.5 million as of December 31, 2022G, to (SAR -15.1 million) as of December 31, 2023G (-10.1% of capital), reflecting the Company's increased losses during the period under analysis. The Company also incurred a net loss of SAR 107.8 million during the fiscal year ending December 31, 2024G, bringing the group's accumulated losses to (SAR -48.0 million) as of December 31, 2024G. (-32.0% of the capital)

As of June 30, 2025G, the accumulated losses increased to (-SAR 68.2 million), representing (-45.4% of the capital) as a result of the Company's increased losses during the six-month period ending June 30, 2025G, as the Company achieved a net loss of (-SAR 20.2 million) during the same period.

In light of this, the Company's management has evaluated the group's financial performance and working capital for the upcoming period. It is expected that there will be a significant improvement in clay pipe sales during the fiscal year 2025G compared to the fiscal year 2024G, due to the increase in the number of projects offered (with clay pipe specifications) compared to the fiscal year 2023G. This will be reflected in sales for the fiscal year 2025G, as the Company has the necessary resources to continue its business according to the principle of going concern in accounting and will be able to achieve sufficient cash flows to meet its obligations. Furthermore, the group aims to diversify its industries to increase sales by moving into the plastic and concrete pipe industry, as the Laffan plant for high-density polyethylene pipes is expected to be completed during the last quarter of the fiscal year 2025G.

6-8-2-6 Financing Structure

The following table shows the financing structure as of December 31, 2022G, 2023G, and 2024G and the period ending on June 30, 2025G:

Table No. (83): Financing Structure as of December 31, 2022G, 2023G, and 2024G and the period ending on June 30, 2025G

Financing Structure				
SAR'000	As of December 31, 2022G	As of December 31, 2023G	As of December 31, 2024G	As of June 30, 2025G
Total Assets	301,580	240,132	154,956	162,738
Total Equity	268,535	209,874	102,037	81,826
Non-current liabilities				
Deferred government grants	-	-	2,179	2,140
Other non-current liabilities	17,951	17,719	20,153	19,549
Total non-current liabilities	17,951	17,719	22,332	21,689
Current liabilities				
Long-term loan	-	-	12,060	12,228
Short-term Murabaha	-	-	5,000	25,000
Deferred government grants	-	-	79	79
Other current liabilities	15,094	12,539	13,449	21,915
Total current liabilities	15,094	12,539	30,588	59,222

Financing Structure				
SAR'000	As of December 31, 2022G	As of December 31, 2023G	As of December 31, 2024G	As of June 30, 2025G
Total liabilities	33,045	30,258	52,920	80,911
Funding structure				
Equity ratio	89.0%	87.4%	65.8%	50.3%
Debt ratio	11.0%	12.6%	34.2%	49.7%
Debt/equity ratio	12.3%	14.4%	51.9%	98.9%

Source: Management Information.

The Company's financing structure underwent a significant change during the three fiscal years ending December 31, 2022G, 2023G, 2024G and the six-month period ending on 30 June 2025G. In fiscal years 2022G and 2023G, the Company relied primarily on self-financing through equity, with the equity-to-total assets ratio reaching approximately 89% and 87.4%, respectively. This reflects the Company's strong financial position and its ability to finance its internal operations and investments without significant reliance on external financing. As of the fiscal year ending December 31, 2024G and the six-month period ending June 30, 2025G, the equity ratio decreased to 65.8% and 50.3% respectively, reflecting the Company's increased reliance on external financing and decreased self-financing.

During fiscal year 2024G, a significant shift occurred in the financing structure, with the debt-to-total assets ratio rising to approximately 34.2%, compared to 12.6% in fiscal year 2023G. This was due to the Company obtaining bank financing in the form of long-term loans and short-term Murabaha, in addition to recording deferred government grants as liabilities. This shift reflects the Company's move towards diversifying funding sources to meet its expansion and operational needs during the period under analysis. As of June 30, 2025G, the ratio of total debt to total assets increased to 30.2%, as a result of the Company obtaining additional bank financing in the form of short-term Murabaha.

Murabaha Long-Term Loan

This long-term loan pertains to a loan obtained by Saudi Land Factory for Cement Products (SLF) (the subsidiary) from the Saudi Industrial Development Fund (SIDF) during the fiscal year 2019G. Saudi Land Factory for Cement Products (SLF) signed a long-term, interest-free loan agreement with SIDF to establish a factory for the production of reinforced concrete pipes, both lined and unlined. The factory will be located on land leased from the Saudi Authority for Industrial Cities and Technology Zones (MODON) in Al-Kharj.

The total financing obtained by Saudi Land Factory for Cement Products (SLF) (the subsidiary) amounted to SAR 15.9 million, secured by financial commitments and obligations, a promissory note for the full loan amount, and a mortgage on the entire factory (building, machinery, vehicles, furniture, office equipment, all completed expansions, and all factory annexes). On March 12, 2024G, the Fund's management approved the transfer of the loan obligations to the Saudi Ceramic Pipes Company as a result of the acquisition, subject to the repayment of outstanding loan installments and accrued follow-up costs, with all terms and conditions of the original loan agreement remaining in effect. During fiscal year 2024G, the Saudi Ceramic Pipes Company repaid SAR 3.1 million (no repayments were made during the six-month period ending June 30, 2025G), resulting in a loan balance of SAR 12.8 million as of June 30, 2025G. It is worth noting that the Saudi Land Factory for Cement Products (SLF) did not comply with one of the loan ratio and commitments related to achieving a current ratio greater than 1. Consequently, the entire loan balance was reclassified as a current balance as of June 30, 2025G.

Short-Term Murabaha

As of December 31, 2024, short-term Murabaha transactions amounted to SAR 5.0 million (none as of December 31, 2022G, and December 31, 2023G). These transactions relate to the revolving loan obtained by the Saudi Ceramic Pipes Company from the Saudi Investment Bank during the fiscal year 2024G, for the purpose of financing the Company's operations (working capital). It should be

noted that these Murabaha transactions are not secured by a personal guarantee or collateral. The guarantees and undertakings provided include: (a) a duly signed facility agreement and (b) an agency agreement for the purchase and sale of goods.

As of June 30, 2025G, the outstanding balance of short-term Murabaha financing increased to SAR 25.0 million. This increase resulted from additional financing obtained by the Saudi Ceramic Pipes Company from the Saudi Investment Bank during the six-month period ending June 30, 2025G. The financing was used to fund the Company's operations (working capital) and the construction of the Laffan Pipes factory. The financing costs were covered by prevailing market interest rates, based on Saudi interbank rates plus a fixed margin. Furthermore, the facility is secured by financial commitments and undertakings, and a promissory note was signed for the full value of the facility.

On the other hand, shareholders' equity decreased from SAR 268.5 million as of December 31, 2022G, to SAR 209.9 million as of December 31, 2023G, and to SAR 102.0 million as of December 31, 2024G. This is primarily due to the Company recording a net loss of (-SAR 58.7 million) in fiscal year 2023G and a net loss of (-SAR 107.8 million) in fiscal year 2024G. The group's accumulated losses thus reached a net loss of (-SAR 58.7 million) in fiscal year 2023G and a net loss of (-SAR 107.8 million) in fiscal year 2024G, directly impacting shareholders' equity. This occurred despite the transfer of the statutory reserve balance of (+SAR 75.0 million) to accumulated losses, as per the Extraordinary General Assembly resolution of fiscal year 2024G.

Shareholders' equity also declined to SAR 82.0 million as of June 30, 2025G, mainly due to the Company recording a net loss of (-SAR 20.2 million) during the six-month period ending June 30, 2025G.

Despite this decline, the Company's financing structure remains relatively flexible, where equity represented 50.3% of total assets as of June 30, 2025G. This reflects the Company's ability to maintain a sound capital base, with the potential to benefit financial leverage to support future growth, if financing risks are managed effectively.

6-8-3 Statement of Financial Position of the clay pipes segment for the fiscal years ending December 31, 2022G, 2023G, and 2024G

The following table shows the Statement of Financial Position of the clay pipes segment as of December 31, 2022G, 2023G, and 2024G:

Table No. (84): Statement of Financial Position of the clay pipes segment as of December 31, 2022G, 2023G, and 2024G

Statement of Financial Position of the clay pipe segment – Saudi Vitrified Clay Pipe Company			
SAR'000	As of December 31, 2022G adjusted	As of December 31, 2023G adjusted	As of December 31, 2024G audited
Assets			
Non-current Assets			
Property, Plant, and Equipment	166,631	116,935	28,000
Intangible Assets	342	158	190
Investment in Subsidiaries	-	-	20,116
Right-of-Use Assets	6,442	6,784	6,046
Advance Payments for Purchase of Machinery and Equipment	1,208	-	-
Capital Work-in-Progress	5,572	-	-
Total Non-Current Assets	180,196	123,877	54,353
Current Assets			

Statement of Financial Position of the clay pipe segment – Saudi Vitrified Clay Pipe Company

SAR'000	As of December 31, 2022G adjusted	As of December 31, 2023G adjusted	As of December 31, 2024G audited
Inventory	40,694	44,659	40,245
Prepaid Expenses and Other Assets	3,503	1,499	1,320
Due from Related Parties	-	-	18,013
Trade Receivables	38,052	25,418	16,852
Cash and Cash Equivalents	39,135	44,679	4,009
Total Current Assets	121,385	116,255	80,440
Total Assets	301,580	240,132	134,792
Equity and Liabilities			
Equity			
Capital	150,000	150,000	150,000
Statutory Reserve	75,000	75,000	-
Accumulated Losses/Retained Earnings	43,535	(15,126)	(47,963)
Total Equity	268,535	209,874	102,037
Non-current Liabilities			
Lease Liability	5,196	5,951	5,311
Employee Defined Benefit Plan Obligations	12,756	11,768	11,544
Total Non-current Liabilities	17,951	17,719	16,855
Current Liabilities			
Lease Liability	902	882	875
Accrued Expenses and Other Liabilities	7,319	5,724	4,600
Short-Term Murabaha	-	-	5,000
Trade Payables	3,239	1,494	2,374
Contract Obligations with Customers	774	411	454
Zakat Payable	2,860	4,029	2,597
Total Current Liabilities	15,094	12,539	15,901
Total Liabilities	33,045	30,258	32,756
Total Equity Liabilities	301,580	240,132	134,792
Key Performance Indicators			
Inventory Turnover Ratio days	206	238	281
Accounts Receivable Turnover Ratio days	182	123	123
Accounts Payable Turnover Ratio days	16	8	17
Cash Turnover Ratio days	372	353	387
Return on Assets	(2.9%)	(24.6%)	(80.5%)
Return on Equity	(3.3%)	(28.2%)	(106.3%)

Source: Financial statements and management information.

Property, Plant, and Equipment

The net book value of property, plant, and equipment decreased from SAR 166.6 million as of December 31, 2022G, to SAR 116.9 million as of December 31, 2023G, due to impairment losses on property, plant, and equipment amounting to (SAR -46.4 million) for the fiscal year 2023G, as a result of an impairment charge on property, plant, and equipment, in addition to depreciation expenses during the year amounting to (SAR -13.6 million), which were offset by additions of (SAR +1.3 million) during the same period.

The decrease in the net book value of property, plant, and equipment was SAR 28.0 million as of December 31, 2024G, due to impairment losses on property, plant, and equipment amounting to SAR -80.2 million for the fiscal year ending December 31, 2024G.

Intangible Assets

Intangible assets decreased from SAR 342 thousand as of December 31, 2022G, to SAR 158 thousand as of December 31, 2023G, related to the accounting and administrative system of the Saudi Vitrified Clay Pipe Company, due to amortization costs of intangible assets (-SAR 342 thousand). This was accompanied by additions to intangible assets amounting to SAR 158 thousand, representing software under development. As of December 31, 2024G, the increase in the net book value of intangible assets is SAR 190 thousand due to the additions (SAR 79.0 thousand) made during the fiscal year 2024G related to the Company's computer software.

Investment in subsidiaries

Investment in subsidiaries amounted to SAR 20.1 million as of December 31, 2024G (nil as of December 31, 2022G and 2023G), representing the cost of acquiring Saudi Land Factory for Cement Products (SLF) and the incorporation costs of Laffan Pipes Company during the fiscal year ending December 31, 2024G.

Right-of-use assets

Right-of-use assets relate to the Company's manufacturing facilities and headquarters as of December 31, 2024G. Right-of-use assets increased from SAR 6.4 million as of December 31, 2022G, to SAR 6.8 million as of December 31, 2023G, due to the addition of the Company's headquarters (+SAR 1.3 million), primarily related to the recalculation of lease value (IFRS 16) during the same fiscal year. These additions were offset by amortization expenses of (-SAR 915 thousand) during the same period. As of December 31, 2024G, right-of-use assets decreased slightly to SAR 6.0 million.

Advance payments for the purchase of machinery and equipment

Advance payments for the purchase of machinery and equipment amounted to SAR 1.2 million as of December 31, 2022G (nil as of December 31, 2023G and 2024G). This represents the cost of purchasing machinery and equipment to be used in one stage of the production line to replace machinery and equipment damaged as a result of a fire that occurred in one stage of the production line at the Company's first factory during fiscal year 2021G. These machines were received and the balance of advance payments settled during fiscal year 2023G.

Capital work in progress

The balance of capital work in progress amounted to SAR 5.6 million as of December 31, 2022G (nil as of December 31, 2023G and 2024G), primarily related to the reconstruction of the building damaged by a fire occurred during the 2021G fiscal year at the Company's first factory. This work was completed during the 2023G fiscal year and transferred to property, plant, and equipment.

Inventory

Inventory increased from SAR 40.7 million as of December 31, 2022G, to SAR 44.7 million as of December 31, 2023G, due to an increase in finished goods by (+SAR 5.1 million) and work-in-process inventory by (+SAR 2.6 million), despite a decrease in spare parts by (-SAR 2.1 million) between the fiscal years ending December 31, 2022G, and December 31, 2023G.

As of December 31, 2024G, inventory decreased to SAR 40.2 million, due to a decrease in raw materials by (-SAR 2.2 million) and work-in-process by (-SAR 1.3 million) between the fiscal years ending December 31, 2023G, and December 31, 2024G.

Prepaid Expenses and Other Assets

Prepaid expenses and other assets, which primarily consist of advances to suppliers, letters of credit, prepaid expenses, refundable deposits, and employee advances, decreased from SAR 3.5 million as of December 31, 2022G, to SAR 1.5 million as of December 31, 2023G, due to the closing of letters of credit (-SAR 1.1 million) and a decrease in the balance of advances to suppliers of (-SAR 1.1 million) between the same period. As of December 31, 2024G, prepaid expenses and other assets decreased to SAR 1.3 million, due to a decrease in the balance of prepaid expenses (-SAR 439 thousand) between the fiscal year ending December 31, 2023G, and the fiscal year ending December 31, 2024G.

Due from related parties

The balance due from related parties amounted to SAR 18.0 million as of December 31, 2024G (nil as of December 31, 2022G and 2023G), which relates to the balance due from subsidiaries of Saudi Vitrified Clay Pipe Company, (+ SAR 255 thousand) due from Laffan Pipes Company, and (+ SAR 17.8 million) due from Saudi Land Factory for Cement Products (SLF).

Trade Receivables

The decrease in the trade receivables balance from SAR 38.1 million as of December 31, 2022G, to SAR 25.4 million as of December 31, 2023G, is due to a decrease in the Company's sales during the period under analysis. Consequently, the accounts receivable days ratio decreased from 182 days as of December 31, 2022G, to 123 days as of December 31, 2023G.

The trade receivables balance also decreased to SAR 16.9 million as of December 31, 2024G, in line with the decrease in sales during the 2024G fiscal year. The trade receivables days ratio remained stable at 123 days.

Cash and cash equivalents

Cash and cash equivalents increased from SAR 39.1 million as of December 31, 2022G, to SAR 44.7 million as of December 31, 2023G, and decreased to SAR 4.0 million as of December 31, 2024G.

Capital

The Company's capital was set at SAR 150 million, consisting of 15 million shares of equal Par value, each valued at SAR 10, all of which are ordinary cash shares.

On August 6, 2024G, the Saudi Vitrified Clay Pipe Company announced the board of directors' recommendation to increase its capital by SAR 80 million through a Rights Issue.

Statutory Reserve

The statutory reserve amounted to SAR 75 million as of December 31, 2022G and 2023G (none as of December 31, 2024G). The Company set aside a certain percentage of net profits to form a reserve allocated for the purposes specified in the Company's bylaws. According to the Company's bylaws, at least 10% of the annual net profit is set aside at the end of each fiscal year to form a statutory reserve. The general assembly may decide to discontinue this allocation when the reserve reaches 30% of the Company's capital. A statutory reserve of 50% of the paid-up capital was set aside (according to the old bylaws).

According to the new Companies Law in the Kingdom of Saudi Arabia, which came into effect on January 19, 2023G, the Company is not required to maintain a statutory reserve, and the reserve balance may be transferred to retained earnings. Accordingly, the

Company has already transferred the statutory reserve balance to accumulated losses based on the decision of the Extraordinary General Assembly held on November 15, 2024G, and announced this on the Tadawul website on December 22, 2024G.

Accumulated Profits/(Losses)

Accumulated profits/(losses) consist of accumulated net income/(losses) after deducting dividends and transfers to reserves. Accumulated profits/(losses) decreased from SAR 43.5 million as of December 31, 2022G, to (SAR -15.1 million) as of December 31, 2023G, reflecting the Company's increased losses during the period under analysis. The Company also incurred a loss of SAR 108 million during the fiscal year ending December 31, 2024G, bringing the group's accumulated losses to (SAR -48.0 million) as of December 31, 2024G.

Lease Liability - Non-Current

Lease liabilities related to the Company's industrial land and headquarters buildings increased from SAR 5.2 million as of December 31, 2022G, to SAR 6.0 million as of December 31, 2023G, in line with the carrying value of the right-of-use assets during the same period. As of December 31, 2024G, the balance of lease liabilities (non-current portion) decreased to SAR 5.3 million.

Defined Employee Benefit Plan Obligations

The employee benefit liability balance relates primarily to the Company's end-of-service benefits, which fluctuated during the period under analysis in line with the Company's annual actuarial valuation, decreasing from SAR 12.8 million as of December 31, 2022G, to SAR 11.8 million as of December 31, 2023G, and to SAR 11.5 million as of December 31, 2024G.

Lease Liabilities - Current

Lease liabilities related to the Company's industrial land and headquarters decreased from SAR 902 thousand as of December 31, 2022G, to SAR 882 thousand as of December 31, 2023G, in line with the carrying value of the right-of-use assets during the same period. As of December 31, 2024G, the current portion of lease liabilities decreased slightly to SAR 875 thousand.

Accrued Expenses and Other Liabilities

Accrued expenses and other liabilities related to related party receivables, accrued employee salaries and benefits, value-added tax liabilities, dividends payable to shareholders, and other accrued expenses decreased from SAR 7.3 million as of December 31, 2022G, to SAR 5.7 million as of December 31, 2023G, due to a decrease in accrued employee salaries and benefits from SAR 2.2 million as of December 31, 2022G, to SAR 1.6 million as of December 31, 2023G, and other accrued expenses between December 31, 2022G and 2023G.

Accrued expenses and other liabilities also decreased to SAR 4.6 million as of December 31, 2024G, as a result of a decrease in other accrued expenses by (-SAR 489 thousand), in addition to a decrease in value-added tax liabilities by (-SAR 370 thousand) between the fiscal years 2023G and 2024G.

Short-term Murabaha

Short-term Murabaha amounts to SAR 5.0 million as of December 31, 2024G (nil as of December 31, 2022G and December 31, 2023G), related to the revolving loan obtained by the Saudi Vitrified Clay Pipe Company from the Saudi Investment Bank during the fiscal year 2024G to finance the Company's operations (working capital financing). These Murabahas are not covered by a personal guarantee or secured by a mortgage. The guarantees and commitments provided include the following:

- A duly signed facility agreement.
- Wakala to purchase and authorize the sale of goods.:

Trade Payables

Trade payables decreased from SAR 3.2 million as of December 31, 2022G, to SAR 1.5 million as of December 31, 2023G, due to a decrease in outstanding accounts payable by (- SAR 318 thousand), a decrease in outstanding accounts payable by (-SAR 281 thousand), and a decrease in other payables by (-SAR 1.4 million), which is consistent with the Company's lower production and operations during the same period. As of December 31, 2024G, trade payables increased to SAR 2.4 million.

Customer Contract Liabilities

The balance of customer contract liabilities relates to advance payments from the Company's customers. This balance decreased from SAR 774 thousand as of December 31, 2022G, to SAR 411 thousand as of December 31, 2023G, which is consistent lower sales during the same period. As of December 31, 2024G, the balance of customer contract obligations increased to SAR 454 thousand, reflecting higher volume of unfilled orders as of December 31, 2024G.

Zakat Due

The Zakat provision balance increased from SAR 2.9 million as of December 31, 2022G, to SAR 4.0 million as of December 31, 2022G, due to an increase in the Zakat base during the periods under review. Meanwhile, the Zakat provision decreased to SAR 2.6 million as of December 31, 2024G, due to a decrease in the Company's Zakat base and the payment of SAR 2.9 million during the same period.

6-8-4 Statement of Financial Position of the concrete pipes segment for the fiscal years ending December 31, 2023G and 2024G

The following table shows the Statement of Financial Position of the concrete pipes sector as of December 31, 2023G and 2024G:

Table No. (85): Statement of Financial Position of the concrete pipes segment as of December 31, 2023G and 2024G

Statement of Financial Position of the Concrete Pipes segment - Saudi Land Factory for Cement Products (SLF)			
SAR'000	As of December 31, 2022G	As of December 31, 2023G adjusted	As of December 31, 2024G audited
Assets			
Non-current Assets			
Property, Plant, and Equipment	None	27,654	29,036
Intangible Assets	None	-	28
Right-of-Use Assets	None	3,798	3,439
Capital Work-in-Progress	None	-	-
Total Non-Current Assets	-	31,452	32,504
Current Assets			
Inventory	None	1,204	2,609
Trade Receivables	None	-	4,119
Prepaid Expenses and Other Assets	None	0	4,307
Due from Related Parties	None	22	-
Cash and Cash Equivalents	None	15	207
Total Current Assets	-	1,241	11,243
Total Assets	-	32,693	43,746

Statement of Financial Position of the Concrete Pipes segment - Saudi Land Factory for Cement Products (SLF)			
SAR'000	As of December 31, 2022G	As of December 31, 2023G adjusted	As of December 31, 2024G audited
Equity and Liabilities			
Equity			
Capital	None	14,700	14,700
Statutory Reserve	None	1	1
Accumulated Losses/Retained Earnings	None	(3,038)	(5,218)
Total Equity	-	11,663	9,483
Non-current Liabilities			
Long-term loan	None	14,752	-
Lease liabilities	None	2,886	2,603
Deferred government grants	None	2,336	2,179
Defined employee benefit plan liabilities	None	25	86
Total non-current liabilities	-	20,000	4,867
Current liabilities			
Long-term loan	None	-	12,060
Lease liabilities	None	275	284
Deferred government grants	None	-	79
Trade accounts payable	None	300	1,783
Due to related parties	None	-	14,758
Accrued expenses and other credit balances	None	422	432
Zakat provision	None	33	0
Total Current Liabilities	-	1,030	29,396
Total Liabilities	-	21,030	34,264
Total Equity Liabilities	-	32,693	43,746
Key Performance Indicators			
Inventory Turnover Ratio days	None	151	91
Accounts Receivable Turnover Ratio days	None	-	181
Accounts Payable Turnover Ratio days	None	38	62
Cash Turnover Ratio days	None	113	210
Return on Assets	None	(8.7%)	(11.8%)
Return on Equity	None	(24.3%)	(54.6%)

Source: Financial statements and management information.

Property, Plant, and Equipment

The net book value of property, plant, and equipment increased from SAR 27.7 million as of December 31, 2023G, to SAR 29.0 million as of December 31, 2024G, due to additions to property, plant, and equipment amounting to (+ SAR 3.4 million) during the fiscal year 2024G.

Intangible Assets

The carrying amount of intangible assets amounted to SAR 28 thousand as of December 31, 2024G (nil as of December 31, 2023G), which relate to the accounting and administrative system of Saudi Land Cement Products Company.

Right-of-use assets

Right-of-use assets relate to the Company's manufacturing plant and headquarters as of December 31, 2024G. Right-of-use assets decreased from SAR 3.8 million as of December 31, 2023G, to SAR 3.4 million as of December 31, 2024G, due to amortization expenses of (-SAR 359 thousand) during the fiscal year 2024G.

Inventory

Inventory increased from SAR 1.2 million as of December 31, 2023G, to SAR 2.6 million as of December 31, 2024G, due to an increase in raw material inventory by (+SAR 712 thousand) and finished goods inventory by (+SAR 503 thousand) between fiscal year 2023G and fiscal year 2024G.

Trade Receivables

Trade receivables amounted to SAR 4.1 million as of December 31, 2023G, while the trade receivables days rate was 181 days as of December 31, 2024G.

Prepaid Expenses and Other Debit Balances

Prepaid expenses and other debit balances, which primarily consist of advance payments for the purchase of machinery and equipment, value-added tax, employee advances, and prepaid expenses, increased from SAR 405 million as of December 31, 2023G, to SAR 4.3 million as of December 31, 2024G. This increase was due to advance payments for the purchase of machinery and equipment, which amounted to SAR 3.9 million as of December 31, 2024G, in addition to an increase in the value-added tax balance of (+SAR 354 thousand) in the fiscal year 2024G.

Due from related parties

The balance due from related parties, primarily related to withdrawals from the previous partner, decreased from SAR 22 thousand as of December 31, 2023G, to nil as of December 31, 2024G, as a result of the settlement of the balance due following the acquisition of Saudi Vitrified Clay Pipe Company by Saudi Land Factory for Cement Products (SLF) during the fiscal year 2024G.

Capital

The Company's capital was set at SAR 14.7 million, consisting of 1 thousand shares of equal value, each valued at SAR 14.7 thousand.

On February 7, 2024G, the Saudi Vitrified Clay Pipe Company signed an agreement with the Company's former partners to acquire 100% of their ownership. Accordingly, certain provisions of the articles of association were amended, the legal entity was changed to a limited liability company - a single-person company, the old partners left, and a new partner entered.

Statutory Reserve

The statutory reserve amounted to SAR 1.2 thousand as of December 31, 2023G and 2024G. In accordance with the provisions of the old Companies Law, the Company was required to transfer 10% of its annual net profit to the statutory reserve until it reached at least 30% of the Company's capital. During 2024G, the Company's articles of association were updated to align with the provisions of the new Companies Law, and the Company is no longer required to establish a statutory reserve. The Company has not yet made a decision to address the existing statutory reserve as of December 31, 2024G.

Accumulated Losses

Accumulated profits/(losses) consist of accumulated net Income/(losses) after deducting dividends and transfers to reserves. Accumulated losses increased from (-SAR 3.0 million) as of December 31, 2023G, to (-SAR 5.2 million) as of December 31, 2024G, reflecting the Company's increased losses during the period under analysis.

Long-term Loan

The long-term loan balance amounted to SAR 12.1 million as of December 31, 2024G (SAR 14.8 million as of December 31, 2023G). This relates to the loan obtained by Saudi Land Factory for Cement Products (SLF) from the Saudi Industrial Development Fund (SIDF) during fiscal year 2019G. Saudi Land Factory for Cement Products (SLF) signed an interest-free long-term loan agreement with the SIDF to establish a factory for the production of reinforced concrete pipes and lined and unlined concrete pipes. The factory will be built on land leased from the Saudi Authority for Industrial Cities and Technology Zones (MODON) under a lease agreement in Al-Kharj.

The total financing obtained by Saudi Land Factory for Cement Products (SLF) amounted to SAR 15.9 million, in exchange for financial commitments and undertakings, signing a promissory note for the full loan value, and a mortgage bond for the entire factory (building, machinery, transportation, furniture, office equipment, all expansions, and all factory accessories). On March 12, 2024G, the Fund's management approved the transfer of the loan obligations to the Saudi Vitrified Clay Pipe Company as a result of the acquisition, subject to the payment of the outstanding loan installments and the accrued follow-up costs, with all provisions of the underlying loan agreement remaining in effect.

Lease Liabilities - Non-Current

Lease liabilities decreased, with the non-current portion decreasing from SAR 2.9 million on December 31, 2023G, to SAR 2.6 million on December 31, 2024G, in line with the carrying value of the right-of-use assets during the same period.

Deferred Government Grants - Non-Current

The balance of deferred government grants, the non-current portion, amounted to SAR 2.2 million as of December 31, 2024G (SAR 2.3 million as of December 31, 2023G). This portion relates to the dues of the government loan granted by the Saudi Industrial Development Fund to Saudi Land Factory for Cement Products (SLF), which was obtained during the fiscal year 2019G. The loan granted by the Saudi Industrial Development Fund was considered a government grant, given that the Saudi Industrial Development Fund is a government entity and the Company obtained the loan interest-free. Furthermore, the loan met the conditions associated with the government grant (Standard 9).

Defined Employee Benefit Plan Liabilities

The balance of the defined benefit plan liabilities relates primarily to the Company's end-of-service benefits, which increased during the period under analysis in line with the Company's annual actuarial valuation, from SAR 25 thousand as of December 31, 2023G, to SAR 86 thousand as of December 31, 2024G.

Lease Liabilities - Current

Lease liabilities increased, with the current portion increasing from SAR 275 thousand as of December 31, 2023G, to SAR 284 thousand as of December 31, 2024G, in line with the carrying value of the right-of-use assets during the same period.

Deferred Government Grants - Current

The balance of deferred government grants, the current portion, amounted to SAR 79 thousand as of December 31, 2024G (nil as of December 31, 2023G). This relates to the dues of the government loan granted by the Saudi Industrial Development Fund to Saudi Land Factory for Cement Products (SLF), which was obtained during the fiscal year 2019G. The loan granted by the Saudi Industrial Development Fund was considered a government grant, given that the Saudi Industrial Development Fund is a government entity and the Company obtained the loan interest-free. Furthermore, the loan met the conditions associated with the government grant (Standard 9).

Trade Payables

Trade payables increased from SAR 300 thousand as of December 31, 2023G, to SAR 1.8 million as of December 31, 2024G, in line with the Company's increased production and operations during the same period.

Due to a related party

The balance due to related parties amounted to SAR 14.8 million as of December 31, 2024G (nil as of December 31, 2023G), which relates to the balance due to the Saudi Vitrified Clay Pipe Company.

Accrued Expenses and Other Credit Balances

Accrued expenses and other credit balances related to advances from customers, employee salaries and benefits, accrued expenses, and other credit balances increased from SAR 422 thousand as of December 31, 2023G, to SAR 432 thousand as of December 31, 2024G, due to an increase in advances from customers from zero as of December 31, 2023G, to SAR 283 thousand as of December 31, 2024G.

Zakat Provision

The balance of the Zakat provision due decreased from SAR 33 thousand as of December 31, 2023G, to SAR 32 thousand as of December 31, 2024G, due to a decrease in the Zakat base during the periods under review.

6-8-5 Statement of Financial Position of the Plastic Pipes Segment for the Fiscal Year Ending December 31, 2024

The following table shows the Statement of Financial Position of the plastic pipes segment as of December 31, 2024G:

Table No. (86): Statement of Financial Position of the plastic pipes segment as of December 31, 2024G

Statement of Financial Position of the plastic pipe segment - Laffan Pipe Company			
SAR'000	As of December 31, 2022G	As of December 31, 2023G	As of December 31, 2024G audited
Assets			
Non-current Assets			
Capital Work-in-Progress	None	None	430
Used Assets	None	None	665
Total Non-Current Assets	-	-	1,095

Statement of Financial Position of the plastic pipe segment - Laffan Pipe Company			
SAR'000	As of December 31, 2022G	As of December 31, 2023G	As of December 31, 2024G audited
Current Assets			
Cash at Banks	None	None	2
Total Current Assets	-	-	2
Total Assets	-	-	1,097
Equity and Liabilities			
Equity			
Capital	None	None	500
Accumulated Losses	None	None	(316)
Total Equity	-	-	184
Non-current Liabilities			
Lease Liabilities	None	None	610
Total Non-current Liabilities	-	-	610
Current Liabilities			
Lease Liability	None	None	49
Due to a Related Party	None	None	255
Zakat Provision	None	None	-
Total Current Liabilities	-	-	304
Total Liabilities	-	-	914
Total Equity and Liabilities	-	-	1,097
Key Performance Indicators			
Return on Assets	None	None	(28.8%)
Return on Equity	None	None	(172.2%)

Source: Financial statements and management information.

Capital work in progress

The balance of capital work in progress amounted to SAR 430 thousand as of December 31, 2024G, which primarily relates to the cost of materials to be used to construct the factory building.

Right-of-use assets

Right-of-use assets relate to the lease of factory land leased from the Saudi Authority for Industrial Cities and Technology Zones («MODON») for a period of 20 years. As of December 31, 2024G, the balance of right-of-use assets amounted to SAR 665 thousand.

Capital

On June 3, 2024G, the Saudi Vitrified Clay Pipe Company incorporated Laffan Pipes Company. Laffan Pipes Company's capital was set at SAR 500 thousand, divided into 50 thousand shares of equal value, each valued at SAR 10.

Accumulated Losses

Accumulated profits/(losses) consist of accumulated net Income/(losses) after deducting dividends and transfers to reserves. Accumulated losses amounted to (-SAR 316 thousand) as of December 31, 2024G.

Lease Liabilities - Non-Current

The non-current portion of lease liabilities amounted to SAR 610 thousand as of December 31, 2024G, consistent with the carrying value of the right-of-use assets during the same period.

Lease Liabilities - Current

The current portion of lease liabilities amounted to SAR 49 thousand as of December 31, 2024G, consistent with the carrying value of the right-of-use assets during the same period.

Due to a Related Party

Due to related parties amounted to SAR 255 thousand as of December 31, 2024G, relating to the balance due to Saudi Vitrified Clay Pipe Company.

6-8-6 Statement of Cash Flows for the fiscal years ending December 31, 2022G, 2023G, and 2024G

The following table shows the Statement Cash Flows for the fiscal years ending December 31, 2022G, 2023G, and 2024G:

Table No. (87): Statement of Cash Flows for the fiscal years ending December 31, 2022G, 2023G, and 2024G

Statement of Cash Flows			
SAR'000	Fiscal year 2022G audited	Fiscal year 2023G adjusted	Fiscal year 2024G audited consoli- dated
Cash Flows from Operating Activities			
Net Loss for the Year Before Zakat	(5,721)	(55,621)	(106,999)
Adjustments to Adjust Net Loss for Non-Cash Items			
Depreciation of Property, Plant and Equipment	12,857	13,638	10,786
Gain on Sale of Property, Plant and Equipment	(9)	(181)	(60)
Impairment Losses on Property, Plant and Equipment	-	46,414	80,238
Amortization of Intangible Assets	342	342	84
Depreciation of Right-of-Use Assets	330	915	1,276
Adjustments to Right-of-Use Assets and Lease Liabilities	(248)	-	-
Component of Allowance for Inactive and Slow-Moving Inventories	-	300	2,804
Reversal of Expected Credit Allowance	-	(1,441)	(2,637)
Interest on Lease Liabilities	-	283	397
Write-off of Expected Credit Losses	(516)	-	-
Loan Interest	-	-	662

Statement of Cash Flows			
SAR'000	Fiscal year 2022G audited	Fiscal year 2023G adjusted	Fiscal year 2024G audited consoli- dated
Component of Defined Benefit Plan Obligations	1,580	2,146	1,904
Finance Costs	193	-	-
Total	8,809	6,796	(11,546)
Changes in Operating Assets and Liabilities			
Prepaid Expenses and Other Assets	(1,743)	2,004	(4,129)
Inventory	1,373	(5,555)	(999)
Trade Receivables	9,934	14,074	7,084
Accrued Expenses and Other Liabilities	271	(1,859)	(952)
Contract Obligations with Customers	5	(364)	327
Trade Payables	(4,077)	(1,745)	2,663
(Used in) from Operating Activities	14,573	13,353	(7,552)
Zakat Provision	(3,061)	(2,350)	(2,877)
Defined Benefit Plan Obligations	(2,152)	(2,654)	(1,435)
Net Cash (Used in) from Operating Activities	9,361	8,349	(11,864)
Cash Flows from Activities Investments			
Additions to property, plant, and equipment	(105)	(1,299)	(3,506)
Proceeds from the sale of property, plant, and equipment	9	200	60
Additions to intangible assets	-	(158)	(117)
Additions to capital work-in-progress	(5,572)	(1,006)	(430)
Consideration paid for the acquisition of a subsidiary	-	-	(25,000)
Net cash (used) in investing activities	(5,668)	(2,263)	(28,993)
Cash flows from financing activities			
Lease payments	(783)	(542)	(1,504)
Proceeds from short-term borrowings	-	-	5,000
Repayments from long-term borrowings	-	-	(3,100)
Net cash used in financing activities	(783)	(542)	396
Net change in cash and cash equivalents	2,910	5,544	(40,461)
Cash and cash equivalents at the beginning of the period	36,226	39,135	44,679
Cash and cash equivalents at the end of the period	39,135	44,679	4,218
Non-cash transactions			
Transfer from spare parts inventory to property, plant, and equipment	1,459	1,290	-
Gain on remeasurement of defined benefit plan obligations	(531)	(479)	(608)
Transfer from capital work-in-progress to property, plant, and equipment	-	7,787	-
Additions to lease liability	-	(1,257)	(845)

Statement of Cash Flows			
SAR'000	Fiscal year 2022G audited	Fiscal year 2023G adjusted	Fiscal year 2024G audited consoli- dated
Additions to leases	-	1,257	845
Transfer from advance payments for the purchase of plant and equipment to capital work-in-progress	-	1,208	-

Source: Financial statements and management information

Net Cash (Used in) from Operating Activities

Net cash flow from/(used in) operating activities decreased from SAR 9.4 million in fiscal year 2022G to SAR 8.3 million in fiscal year 2023G due to a decrease in inventory changes of (-SAR 6.9 million), despite an increase in trade receivables changes of (+SAR 4.1 million) between fiscal year 2022G and fiscal year 2023G. In fiscal year 2024G, net cash flow from/(used in) operating activities decreased to (-SAR 11.9 million), due to an increase in the Company's net loss for the period (-SAR 51.4 million) and a decrease in the Company's working capital change (-SAR 2.6 million) between fiscal year 2023G, and fiscal year 2024G.

Net Cash (Used in) from Investing Activities

Net cash flow from/(used in) investing activities increased from (-SAR 5.7 million) in fiscal year 2022G to (-SAR 2.3 million) in fiscal year 2023G, due to a decrease in capital additions to construction from SAR 5.6 million in fiscal year 2022G to SAR 1.0 million in fiscal year 2023G. During fiscal year 2024G, net cash flow from/(used in) investing activities decreased to (-SAR 29.0 million), due to the payment made for the acquisition of Saudi Vitrified Clay Pipe Company of Saudi Land Factory for Cement Products (SLF) (-SAR 25.0 million) during fiscal year 2024G.

Net Cash (Used In) from Financing Activities

Net cash flow from/(used in) financing activities increased from (-SAR 783 thousand) in fiscal year 2022G to (-SAR 542 thousand) in fiscal year 2023G, due to an increase in lease payments from (-SAR 783 thousand) in fiscal year 2022G to (-SAR 542 thousand) in fiscal year 2023G. Net cash flow from/(used in) financing activities also increased by (+SAR 938 thousand) to SAR 396 thousand in fiscal year 31 December 2024G, due to the proceeds from a short-term loan (+SAR 5.0 million) related to the revolving loan that the Saudi Vitrified Clay Pipe Company obtained from the Saudi Investment Bank during fiscal year 2024G to finance the Company's operations. Meanwhile, repayments of long-term loans amounted to (-SAR 3.1 million) during the same year.

Cash and Cash Equivalents

Cash and cash equivalents amounted to SAR 39.1 million at the end of fiscal year 2022G, SAR 44.7 million at the end of fiscal year 2023G, and SAR 4.2 million at the end of fiscal year December 31, 2024G. Cash and cash equivalents fluctuated at the end of the fiscal periods in proportion to the fluctuations in net cash (used in)/cash generated from operating and investing activities during the period under review.

6-8-7 Statement of Cash Flows for the clay pipes segment for the fiscal years ending December 31, 2022G, 2023G, and 2024G

The following table shows the Statement of Cash Flow for the clay pipes segment for the fiscal years ending December 31, 2022G, 2023G, and 2024G:

Table No. (88): Statement of Cash Flows for the clay pipes segment for the fiscal years ending December 31, 2022G, 2023G, and 2024G

Clay Pipes segment Statement of Cash Flow – Saudi Vitrified Clay Pipe Company			
SAR'000	As of December 31, 2022G audited	As of December 31, 2023G adjusted	As of December 31, 2024G audited
Cash Flows from Operating Activities			
Net Loss for the Year Before Zakat	(5,721)	(55,621)	(107,003)
Adjustments to Adjust Net Loss for Non-Cash Items			
Depreciation of Property, Plant and Equipment	12,857	13,638	8,758
Gain on Sale of Property, Plant and Equipment	(9)	(181)	(60)
Impairment Losses on Property, Plant and Equipment	-	46,414	80,238
Amortization of Intangible Assets	342	342	46
Depreciation of Right-of-Use Assets	330	915	893
Adjustments to Right-of-Use Lease Assets and Liabilities	(248)	-	-
Reversal of Allowance for Expected Credit Losses	-	(1,441)	(2,637)
Allowance for Slow-Moving and dead Inventory for the year	-	300	2,804
Company's Share of Results of Operations of Subsidiaries	-	-	5,384
Interest on Lease Liabilities	-	283	284
Write-Off of Expected Credit Losses	(516)	-	-
Interest on Loans	-	-	254
Defined Benefit Plan Obligations for the year	1,580	2,146	1,822
Finance Costs	193	-	-
Total	8,809	6,796	(9,217)
Changes in Operating Assets and Liabilities			
Prepaid expenses and other assets	(1,743)	2,004	178
Inventory	1,373	(5,555)	1,610
Due from a related party	-	-	(18,513)
Trade receivables	9,934	14,074	11,203
Accrued expenses and other liabilities	271	(1,859)	(1,379)
Customer contracts liabilities	5	(364)	44
Trade payables	(4,077)	(1,745)	880
(Used in) proceeds from operating activities	14,573	13,353	(15,194)
Repayment of defined benefit plan obligations	(3,061)	(2,350)	(1,435)

Clay Pipes segment Statement of Cash Flow – Saudi Vitrified Clay Pipe Company

SAR'000	As of December 31, 2022G audited	As of December 31, 2023G adjusted	As of December 31, 2024G audited
Repayment of Zakat provision	(2,152)	(2,654)	(2,877)
Net cash (used in) proceeds from operating activities	9,361	8,349	(19,506)
Cash Flows from Investing Activities			
Additions to Property, Plant, and Equipment	(105)	(1,299)	(60)
Additions to Intangible Assets	-	(158)	(79)
Consideration paid for the acquisition of the subsidiary – Saudi Land Factory Company	-	-	(25,000)
Proceeds from the sale of Property, Plant, and Equipment	9	200	60
Additions to Capital Work-in-Progress	(5,572)	(1,006)	-
Net Cash (Used) in Investing Activities	(5,668)	(2,263)	(25,079)
Cash flows from financing activities			
Proceeds from short-term loans	-	-	5,000
Lease payments	(783)	(542)	(1,086)
Net cash used in financing activities	(783)	(542)	3,914
Net change in cash and cash equivalents	2,910	5,544	(40,670)
Cash and cash equivalents at the beginning of the period	36,226	39,135	44,679
Cash and cash equivalents at the end of the period	39,135	44,679	4,009
Non-cash transactions			
Additions to Leases	-	1,257	155
Additions to Leases - Lease Liability	-	(1,257)	(155)
Transfer from advance payments for the purchase of machinery and equipment to capital work-in-progress	-	1,208	-
Transfer from spare parts inventory to property, plant, and equipment	1,459	1,290	-
Transfer from capital work-in-progress to property, plant, and equipment	-	7,787	-
Gain on remeasurement of defined benefit plan obligations	(531)	(479)	(612)
Due from a related party for investment in Laffan Pipes Company	-	-	500
Investment in a subsidiary - Laffan Pipes Company	-	-	(500)

Source: Financial statements and management information

Net Cash (Used In) from Operating Activities

Net cash flow from/(used in) operating activities decreased from SAR 9.4 million in fiscal year 2022G to SAR 8.3 million in fiscal year 2023G due to a decrease in inventory changes of (-SAR 6.9 million), despite an increase in trade receivables changes of (+SAR 4.7 million) between fiscal year 2022G and fiscal year 2023G. In fiscal year 2024G, net cash flow from/(used in) operating activities decreased to (-SAR 19.5 million), due to a decrease in the balance due from a related party of (-SAR 18.6 million), despite an increase in inventory changes of (+SAR 7.2 million) between fiscal year 2023G and fiscal year 2024G.

Net Cash (Used in) from Investing Activities

Net cash flow from/(used in) investing activities increased from (-SAR 5.7 million) in fiscal year 2022G to (- SAR 2.3 million) in fiscal year 2023G, due to additions to capital work-in-progress, which increased from (SAR -5.6 million) in fiscal year 2022G to (-SAR 1.0 million) in fiscal year December 31, 2023G. During fiscal year 2024G, net cash flow from/(used in) investing activities decreased to (-SAR 25.0 million), due to the payment made for the acquisition of Saudi Vitrified Clay Pipe Company of Saudi Land Factory for Cement Products (SLF) (-SAR 25.0 million) during fiscal year 2024G.

Net Cash (Used in) from Financing Activities

Net cash flow from/(used in) financing activities increased from (-SAR 783 thousand) in fiscal year 2022G to (-SAR 542 thousand) in fiscal year 2023G, due to a decrease in lease payments of (+SAR 241 thousand) between fiscal years 2022G and 2023G. Net cash flow from/(used in) financing activities also increased by (+SAR 4.5 million) to reach SAR 3.9 million in the fiscal year ending December 31, 2024G, due to the proceeds from a short-term loan (+SAR 5.0 million) related to the revolving loan that the Saudi Vitrified Clay Pipe Company obtained from the Saudi Investment Bank during fiscal year 2024G to finance the Company's operations.

Cash and Cash Equivalents

Cash and cash equivalents amounted to SAR 39.1 million at the end of fiscal year 2022G, SAR 44.7 million at the end of fiscal year 2023G, and SAR 4.0 million at the end of fiscal year December 31, 2024G. Cash and cash equivalents fluctuated at the end of the fiscal periods in proportion to the fluctuations in net cash (used in)/generated from operating and investing activities during the period under review.

6-8-8 Statement of Cash Flows for the concrete pipes segment for the fiscal years ending December 31, 2023G and 2024G

The following table shows the Statement of Cash Flows for the concrete pipes segment for the fiscal years ending December 31, 2023G and 2024G:

Table No. (89): Statement of Cash Flows for the Concrete Pipes segment for the Financial Years Ending December 31, 2023G and 2024G

Statement of Cash Flows for the Concrete Pipes segment - Saudi Land Factory for Cement Products (SLF)			
SAR'000	As of December 31, 2022G	As of December 31, 2023G adjusted	As of December 31, 2024G audited
Cash Flows from Operating Activities			
Loss for the Year Before Zakat	None	(2,815)	(5,176)
Adjustments to Adjust Net Loss for Non-Cash Items			
Depreciation of Property, Plant, and Equipment	None	1,949	2,033
Amortization of Intangible Assets	None	-	2
Depreciation of Right-of-Use Assets	None	359	359
End-of-Service Benefit Provision for the year	None	11	57
Other Income	None	(26)	(79)
Finance Expenses	None	577	502
Total	None	55	(2,303)
Changes in Operating Assets and Liabilities			

Statement of Cash Flows for the Concrete Pipes segment - Saudi Land Factory for Cement Products (SLF)			
SAR'000	As of December 31, 2022G	As of December 31, 2023G adjusted	As of December 31, 2024G audited
Inventory	None	-	(1,405)
Trade Receivables	None	-	(4,119)
Prepayments and Other Debit Balances	None	(0)	(4,307)
Due from Related Parties	None	288	22
Trade Payables	None	(80)	1,483
Accrued Expenses and Other Credit Balances	None	361	11
Zakat Paid	None	-	(33)
End-of-Service Benefit Provision	None	-	(1)
Net Cash (Used in) from Operating Activities	None	624	(10,652)
Cash Flows from Investing Activities			
Additions to Property, Plant, and Equipment	None	-	(3,416)
Additions to Intangible Assets	None	-	(30)
Net Cash (Used) in Investing Activities	None	-	(3,446)
Cash Flows from Financing Activities			
Long-Term Loan Payments	None	-	(3,100)
Lease Liabilities Payments	None	(612)	(368)
Due to a Third Party Related	None	-	17,758
Net cash used in financing activities	None	(612)	14,290
Net change in cash and cash equivalents	None	12	193
Cash and cash equivalents at the beginning of the period	None	3	15
Cash and cash equivalents at the end of the period	None	15	207
Non-cash transactions			
Due to a related party	-	-	(3,000)
Long-term loan	-	471	(2,692)
Deferred government grants	-	(26)	79

Source: Financial statements and management information

Net Cash (Used In) from Operating Activities

Net cash flow from/(used in) operating activities decreased from SAR 624 thousand in fiscal year 2023G to (-SAR 10.7 million) in fiscal year 2024G, due to a decrease in prepaid expenses and other debit balances by (-SAR 4.3 million), in addition to a decrease in trade receivables by (-SAR 4.1 million) between fiscal year 2023G and fiscal year 2024G.

Net Cash (Used In) from Investing Activities

Net cash flow from/(used in) investing activities for the fiscal year ending December 31, 2024G, amounted to (-SAR 3.4 million) (compared to nil in fiscal year 2023G), as a result of additional purchases of property, plant, and equipment amounting to (-SAR 3.4 million).

Net Cash (Used in) from Financing Activities

Net cash flow from/(used in) financing activities increased from (-SAR 612 thousand) in fiscal year 2023G to SAR 14.3 million in fiscal year 2024G, due to an increase in the proceeds from a related party receivable from nothing in fiscal year 2023G to SAR 17.8 thousand in fiscal year 2024G.

Cash and Cash Equivalents

Cash and cash equivalents amounted to SAR 15 thousand at the end of fiscal year 2023G and SAR 207 thousand at the end of fiscal year 2024G. The amounts of cash and cash equivalents at the end of the financial periods fluctuated in proportion to the fluctuations in net cash (used in)/from operating and investing activities during the period under review.

6-8-9 Statement of Cash Flows for the plastic pipes segment for the fiscal year ending December 31, 2024G

The following table shows the Statement of Cash Flows for the plastic pipes segment for the fiscal year ending December 31, 2024G:

Table No. (90): Statement of Cash Flows for the Plastic Pipes segment for the Fiscal Year Ending December 31, 2024G

Statement of Cash Flows for Plastic Pipes Sector - Laffan Pipes Company			
SAR'000	As of December 31, 2022G	As of December 31, 2023G	The period from June 3, 2024G (incorporation date) to December 31, 2024G
Cash Flows from Operating Activities			
Net Loss Before Zakat	None	None	(316)
Changes in Operating Assets and Liabilities			
Adjustments for Depreciation of Right-of-Use Assets	None	None	24
Adjustments for Finance Costs	None	None	20
Net Cash (Used) from Operating Activities	-	-	(273)
Cash Flows from Investing Activities			
Additions to Capital Work-in-Progress	None	None	(430)
Net Cash (Used) in Investing Activities	-	-	(430)
Cash Flows from Financing Activities			
Due to a Related Party	None	None	755
Lease Payments	None	None	(51)
Net Cash Used in Financing Activities	-	-	705
Net Change in Cash and Cash Equivalents	None	None	2
Cash and Cash Equivalents at the Beginning of the Period	None	None	-
Cash and Cash Equivalents at the End of the Period	-	-	2
Non-Cash Transactions			
Additions to Leases	None	None	(689)
Additions to Leases (Delay Liability)	None	None	689
Due from a Related Party for Capital Investment	None	None	(500)
Payment of Capital	None	None	500

Source: Financial statements and management information

Net Cash (Used In) from Operating Activities

Net cash (used in) from operating activities for the period from June 3, 2024G (incorporation date) to December 31, 2024G, amounted to (-SAR 273 thousand).

Net Cash (Used In) from Investing Activities

Net cash (used in) from investing activities for the period from June 3, 2024G (incorporation date) to December 31, 2024G, amounted to (-SAR 430 thousand).

Net Cash (Used In) from Financing Activities

Net cash (used in) from financing activities for the period from June 3, 2024G (incorporation date) to December 31, 2024G, amounted to SAR 750 thousand.

Cash and Cash Equivalents

Net cash and cash equivalents for the period from June 3, 2024G (incorporation date) to December 31, 2024G, amounted to SAR 2 thousand.

6-8-10 Statement of Cash Flows for the plastic pipes segment for the six-month period ending June 30, 2024G and 2025G

The following table shows the Statement of Cash Flows for the plastic pipes segment for the six-month periods ending June 30, 2024G and 2025G:

Table No. (91): Statement of cash flows for the six-month periods ending June 30, 2024G and 2025G

Statement of Cash flows		
SAR'000	The six-month period ending on June 30, 2024G (Unaudited)	The six-month period ending on June 30, 2025G (Unaudited)
Cash flows from operating activities		
Net loss for the period before zakat	(16,994)	(19,849)
Adjustments to reconcile net loss for the period for non-cash items		
Depreciation of property, plant, and equipment	5,090	2,421
Amortization of intangible assets	26	54
Amortization of right-of-use assets	642	645
Component of provision for stagnant and slow-moving inventory	200	200
Reversal of provision for expected credit	(1,992)	(117)
Component of defined employee benefit plan liabilities	790	635
Financing costs	365	1,209
Total	(11,873)	(14,803)
Changes in operating assets and liabilities		
Prepaid expenses and other assets	(1,926)	(3,102)

Statement of Cash flows		
SAR'000	The six-month period ending on June 30, 2024G (Unaudited)	The six-month period ending on June 30, 2025G (Unaudited)
Inventory	4,348	18
Trade receivables	4,072	2,430
Accrual expenses and other liabilities	(997)	2,855
Contractual obligations with customers	1	410
Trade payables	107	5,498
Net cash used in operating activities	(6,269)	(6,694)
Payment from Zakat provision	(2,821)	(1,392)
Payment from defined employee benefit plan liabilities	(765)	(1,105)
Net cash used in operating activities	(9,855)	(9,191)
Cash flows from investing activities		
Additions to property, plant, and equipment	(826)	(1,293)
Proceeds from sale of property, plant, and equipment	-	-
Additions to intangible assets	(117)	(30)
Additions to capital works in construction	-	(7,107)
Provision paid for acquisition of the Company Subsidiary	(25,000)	-
Net cash used in investing activities	(25,943)	(8,430)
Cash flows from financing activities		
Lease payments	(197)	(234)
Short-term loan repayments	5,000	25,000
Short-term loan repayments	-	(5,000)
Long-term loan repayments	(3,100)	-
Financing costs paid	(44)	(246)
Net cash generated from financing activities	1,659	19,520
Net change in cash and cash equivalents	(34,139)	1,900
Opening cash and cash equivalents	44,679	4,218
Closing cash and cash equivalents	10,540	6,118

Source: Financial statements and management information.

Net Cash Used in Operating Activities

During the six-month period ended June 30, 2025G, net cash used in operating activities increased from (-SAR 9.9 million) in the six-month period ended June 30, 2024G, to (-SAR 9.2 million) in the six-month period ended June 30, 2025G. This increase was due to a positive change in trade payables (+SAR 5.5 million), accrued expenses and other liabilities (+SAR 2.9 million), and trade receivables (+SAR 2.4 million). Conversely, net loss before zakat increased by (-SAR 2.9 million) during the same period.

Net Cash Used in Investing Activities

During the six-month period ended June 30, 2025G, net cash used in investing activities increased from (-SAR 25.9 million) in the six-month period ended June 30, 2024G to (-SAR 8.4 million) in the six-month period ended June 30, 2025G. This decrease was primarily due to a decrease in the consideration paid for the acquisition of the subsidiary (-SAR 25.0 million), related to the Saudi Vitrified Clay Pipe Company's acquisition of Saudi Land Factory for Cement Products (SLF). Conversely, additions to capital works under construction amounted to (-SAR 7.1 million), mainly related to the ongoing construction of the Laffan Pipes Factory, which is expected to be completed by the end of fiscal year 2025G.

Net Cash from Financing Activities

During the six-month period ended June 30, 2025G, net cash from financing activities increased from (+SAR 1.7 million) in the six-month period ended June 30, 2024G, to (+ SAR 19.5 million) in the six-month period ended June 30, 2025G. This increase was primarily due to a (+SAR 25.0 million) increase in short-term loans, partially offset by a (-SAR 5.0 million) decrease in short-term loans during the same period.

Cash and Cash Equivalents

The balance of cash and cash equivalents was SAR 10.5 million at the end of the six-month period ended June 30, 2024G, and SAR 6.1 million at the end of the six-month period ended June 30, 2025G. The cash and cash equivalents at the end of the financial periods fluctuated proportionally with the fluctuations in net cash (used in)/generated from operating and investing activities during the period under review.



07

Use of the Offering Proceeds and Prospective Projects

7- Use of the Offering Proceeds and Prospective Projects

7-1 Net Offering Proceeds

The total proceeds from the offering amount to (80,000,000) eighty million Saudi Riyals. Net proceeds are expected to reach (70,800,000) seventy million eight hundred thousand Saudi Riyals after deducting estimated offering costs of (9,200,000) nine million two hundred thousand Saudi Riyals. These Offering costs include the fees of the Financial Advisor, the Lead Manager, the Underwriter, the Company's Legal Advisor, the market research advisor, and other advisors, in addition to marketing, printing, distribution, and other related expenses. It should be noted that these Offering costs are estimates and not final.

The Company will also disclose to the public on the Saudi Stock Exchange website, if there is a difference of (5%) or more between the actual uses of the Offering Proceeds and what has been disclosed in this section of the Prospectus, as soon as it becomes aware of this in accordance with the requirements of paragraph (f) of Article (57) fifty-seventh of the rules for offering securities and continuing obligations, which states that «**the Issuer must disclose to the public if there is a difference of (5%) or more between the actual use of the proceeds of the issuance of Right Issue shares or the issuance of shares with a suspension of priority rights and what has been disclosed in the relevant Prospectus as soon as it becomes aware of this.**»

7-2 Use of the Offering Proceeds and future projects

The Offering Proceeds will be used primarily to finance the company's operational and investment plans, including the purchase of machinery and equipment, the outfitting of additional buildings and hangars, working capital, repayment of existing financial obligations and loans, and support for the company's activities and plans, in addition to covering the offering costs. Shareholders will not receive any of the proceeds from the Rights Issue.

The proceeds will be used to support the implementation of the company's operational plans related to its recent entry into two new industrial sectors: concrete pipes and plastic pipes, through its subsidiaries: Saudi Land Cement Products Factory Company and Laffan Pipes Company. This aligns with the company's strategy to diversify its activities and increase its production capacity. (For further details about the company and its subsidiaries, please refer to Section 4 «**Company Background and Nature of Business**» and Section 2.1.5 «**Risks Related to Material Agreements and Potential Liabilities**» of this Prospectus.)

The following table outlines the proposed use of the Offering Proceeds:

Table No (92) : Proposed use of the Offering Proceeds

Statement	Value (SAR)	Percentage of total proceeds (%)
Purchase of machinery and equipment for Saudi Land Cement Products Factory	8,000,000	10.00%
Purchase of machinery and equipment for Laffan Pipes Company	15,000,000	18.75%
Preparation of additional hangars and buildings for Saudi Land Cement Products Factory	2,000,000	2.50%
Working capital for Laffan Pipes Company	3,800,000	4.75%
Repayment of financial obligations and loans	33,745,000	42.18%
Support for future activity and financing of acquisition or expansion opportunities	8,255,000	10.32%
Issuance costs	9,200,000	11.50%
Total	80,000,000	100%

Source: The Company

The company will use the Offering Proceeds for the following:

7-2-1 Financing the purchase of machinery and equipment for the Subsidiary Saudi Land Cement Products Factory:

For its concrete pipe business, the company intends to allocate (8,000,000) eight million Saudi Riyals to purchase machinery and equipment for a new production line at its subsidiary, Saudi Land Cement Products Factory, for the production of box culverts. This production line will be dedicated to manufacturing reinforced concrete pipes used for waterways and utilities, with an estimated production capacity of 90,000 tons per year. This is planned for completion during the second and third quarters of 2026G.

7-2-2 Financing the Purchase of Machinery and Equipment for its Subsidiary, Laffan Pipes Company

Regarding the plastic pipe sector, through Laffan Pipes Company, and based on demand forecasts and targeted production capacity, the factory is planned to consist of four production lines. As the company currently owns two production lines for polyethylene pipes and fittings, it intends to allocate (15,000,000) fifteen million Saudi Riyals to establish the remaining two lines for high-density polyethylene pipes, along with their associated fittings, to complete the planned production capacity and support its ability to meet anticipated demand. This is planned for completion during the second and fourth quarters of 2026G and the first quarter of 2027G.

7-2-3 Additional Buildings and Hangars for the Subsidiary, Saudi Land Cement Products Factory

The company intends to establish a small additional manufacturing area in Jeddah to support the concrete pipe and fitting business of Saudi Land Cement Products Factory. This area aims to improve production efficiency and reduce transportation and handling costs for products manufactured at the main site, without establishing a new, fully integrated factory.

The estimated cost of equipping the area, including construction and basic installations, is (2,000,000) two million Saudi Riyals. The company is currently working to obtain the necessary licenses and regulatory approvals and is searching for the most suitable location to lease in Jeddah. This is expected to be completed during the second quarter of 2026G.

7-2-4 Operating Capital for Laffan Pipes Company

The Company intends to allocate an amount of (3,800,000) three million eight hundred thousand Saudi Riyals from the net Offering Proceeds, to support the working capital of its subsidiary (Laffan Pipes Company). This amount will be used mainly to finance the purchase of raw materials needed for plastic pipe manufacturing processes, ensuring continued production and meeting expected demand.

7-2-5 Repayment of Financial Obligations and Loans

The Company intends to allocate an amount of (33,745,000) thirty-three million seven hundred forty-five thousand Saudi Riyals from the net proceeds of the offering to settle certain financial obligations and related loans of the Company and its subsidiaries, as follows:

- Repayment of (5,000,000) five million Saudi Riyals, representing part of a short-term Murabaha facility obtained by the Saudi Ceramic Pipes Company from the Saudi Investment Bank to finance the operations of Saudi Land Cement Products Factory. This repayment will be made during the third quarter of 2026G.
- Repayment of (20,000,000) twenty million Saudi Riyals to the Saudi Investment Bank to finance the construction of the Laffan Pipes Factory. This repayment will be made during the fourth quarter of 2026G.
- In addition, the company intends to repay (8,745,000) eight million seven hundred and forty-five thousand Saudi Riyals, representing the remaining balance of a loan outstanding to Saudi Land Cement Products Factory at the time of its

acquisition. This obligation was transferred to the Saudi Ceramic Pipes Company as part of the acquisition process. This repayment will be made during the third quarter of 2026G. (For further details, please refer to section 2-1-28 «Risks related to credit facilities, financing agreements and loans» of this Prospectus).

7-2-6 Supporting future activity and financing acquisition or expansion opportunities

The Saudi Vitrified Pipes Company intends to allocate (8,255,000) eight million two hundred and fifty-five thousand Saudi Riyals from the net offering proceeds to support its future plans. These plans include financing the expansion of its subsidiaries' activities and sectors supporting its operations, as well as potentially funding acquisition or investment opportunities, in line with the Company's strategy and long-term objectives.

Through this allocation, the Company aims to diversify its income sources and enhance financial sustainability. It is currently studying a number of potential investment opportunities and preparing the necessary feasibility studies to evaluate them. Any investment decision will be subject to completing the relevant regulatory and internal approvals, with implementation planned according to appropriate market conditions. These investments are expected to take place during the first quarter of 2027G.

7-2-7 Offering Costs

An amount of (9,200,000) nine million and two hundred thousand Saudi Riyals will be allocated from the total offering proceeds to cover and pay the expenses related to the offering of rights shares, which include the fees of the Financial Advisor, the Lead Manager, the Underwriter, the Company's Legal Advisor, the market research advisor, and other advisors, in addition to marketing, printing, distribution, and other related expenses.

The table below outlines the projected timeline for the use of the Offering Proceeds:

Table No. (93): Expected timeline for using the Offering Proceeds

Item	2026G				2027G				Total	Percentage
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Purchase of machinery and equipment for Saudi Land Cement Products Factory	-	4,000,000	4,000,000	-	-	-	-	-	8,000,000	10.00%
Purchase of machinery and equipment for Laffan Pipes Company	-	4,000,000	-	5,000,000	6,000,000	-	-	-	15,000,000	18.75%
Preparation of additional hangars and buildings for Saudi Land Cement Products Factory	-	2,000,000	-	-	-	-	-	-	2,000,000	2.50%
Working capital for Laffan Pipes Company	-	3,800,000	-	-	-	-	-	-	3,800,000	4.75%
Repayment of financial obligations and loans	-	-	13,745,000	20,000,000	-	-	-	-	33,745,000	42.18%
Support for future activity and financing of acquisition or expansion opportunities	-	-	-	-	8,255,000	-	-	-	8,255,000	10.32%
Offering costs	-	9,200,000	-	-	-	-	-	-	9,200,000	11.50%
Total	-	23,000,000	17,745,000	25,000,000	14,255,000	-	-	-	80,000,000	100.00%

Source: The Company

7-3 Timeline for the Expected Use of the Offering Proceeds and Potential Changes

The Company intends to use the Offering Proceeds to cover all of the above-mentioned uses within (24) twenty-four months from the date of this Prospectus. The Company's plans, strategy, market conditions, and trends have been taken into account in determining the use of the Offering Proceeds. Accordingly, the expected use of the Offering Proceeds is subject to change in accordance with any economic, political or other developments, in addition to any potential changes in the Company's business plan. The approval of the General Assembly will be obtained for any alternative use.

7-4 Impact on the Capital Structure

The table below shows the expected change in the capital structure of Saudi Vitrified Clay Pipe Company in debt instruments and equity before and after the issuance of rights shares as of December 31, 2024G:

Table No. (94): The expected change in the capital structure of Saudi Vitrified Clay Pipe Company in debt instruments and equity before and after the issuance of preemptive rights shares as of December 31, 2024G

As of December 31, 2024G	Before Offering		Post offering	
	Liabilities	Equity	Liabilities	Equity
Amount	52,919,528	102,036,580	35,859,256	182,036,580
Percentage in Capital Structure	34%	66%	16%	84%
Total Equity and Liabilities	154,956,108		182,036,580	

Source: The Company

Table No. (95): Expected change in the capital structure of the Saudi Vitrified Clay Pipe Company in debt instruments and equity before and after the Rights Issue Offering as of June 30, 2025G.

As of June 30, 2025G	Before Offering		Post offering	
	Liabilities	Equity	Liabilities	Equity
Amount	80,911,320	81,826,291	43,683,152	161,826,291
Percentage in the capital structure	49.7%	50.3%	21.3%	78.7%
Total equity and liabilities	162,737,611		205,509,443	

Source: The Company



08

Experts Statement

8- Experts Statement

All advisors, chartered accountants and auditors whose names appear on pages (H) and (I) have given their written consent to the use of their names, addresses and logos and to the publication of their statements in their form as contained in this Prospectus, and none of them has withdrawn their consent as of the date of this Prospectus. All advisors and their employees who are part of the work team providing services to the Company or their relatives do not own any shares in the Company or its subsidiaries, and none of them has any interest of any kind in the Company or any of its subsidiaries as of the date of this Prospectus that might jeopardize their independence.



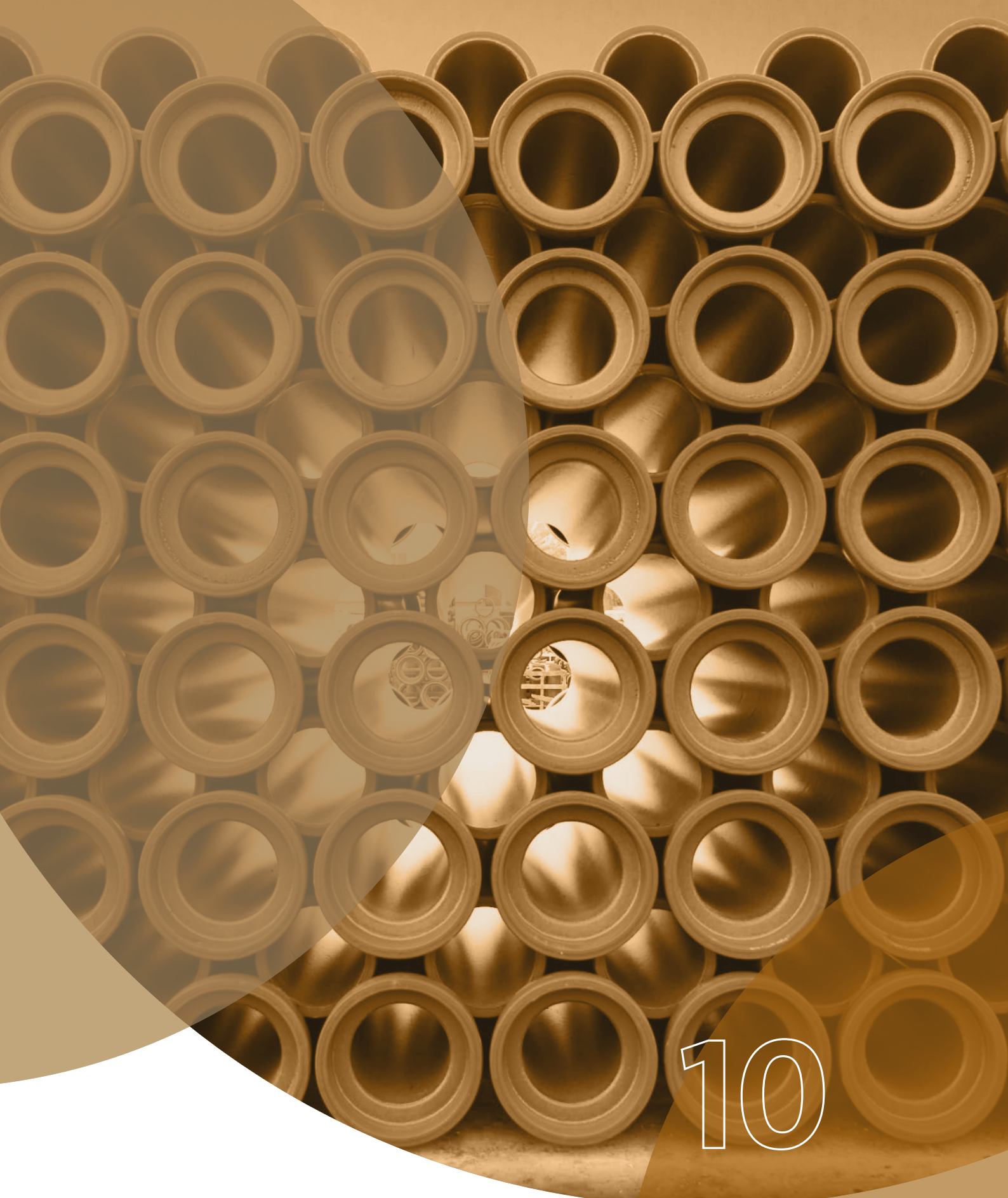
09

Declarations

9- Declarations

As on the date of this Prospectus, the Company's Directors declare that:

- 1- There was no interruption in the business of the Issuer that could affect or have had a significant impact on the financial condition of the Company during the last (12) twelve months.
- 2- No commissions, discounts, brokerage fees, or any non-monetary compensation were granted by the Issuer or any of its subsidiaries during the three years immediately preceding the date of submitting the application for registration and the Offering of securities in relation to the issuance or Offering of any securities.
- 3- Except as stated on page (5) «**Risks Related to the Accumulated Losses**» of this Prospectus, there has been no material adverse change in the Company or any of its subsidiaries' financial and commercial position during the three years immediately preceding the date of submitting the registration application and Offering of the securities subject to this Prospectus, in addition to the period covered by the auditor's report until the issuance of the Prospectus.
- 4- Except as stated in page (66) of this Prospectus, neither the members of the Board of Directors nor any of their relatives have any shares or interests of any kind in the Company or any of its subsidiaries.
- 5- The Company does not keep any Treasury Shares, and the EGM of the Company has not approved the purchase of the Company's shares



10

Legal Information

10- Legal Information

10-1 Declarations Relating to Legal Information

The members of the Board of Directors declare, as of the date of this prospectus, the following:

- The issuance does not constitute a breach of the relevant laws and regulations in the Kingdom of Saudi Arabia.
- The issuance does not constitute a breach of any contract/agreement entered into by the issuer.
- All material legal issues concerning the issuer have been disclosed in the Prospectus.
- Other than what has been mentioned in page (186) of this Prospectus, neither the Issuer nor its subsidiaries are subject to any claims, litigious cases or any other type of legal proceedings that could individually or collectively have a material effect on the business of the Issuer or its subsidiaries or its financial position.
- The Board members are not subject to any claims, litigious cases or any other type of legal proceedings that could individually or collectively have a material effect on the business of the Issuer, its subsidiaries or their financial position

10-2 Company Overview

10-2-1 Company Name

The Company was established under the trade name Saudi Vitrified Clay Pipe Company, which is the current trade name of the Company and has not been modified until the date of preparing this Prospectus.

10-2-2 Company Establishment

Saudi Vitrified Clay Pipe Company was established as a Saudi joint stock company listed under Commercial Registration No. (1010014993) issued in Riyadh on 08/03/1398H (corresponding to 16/02/1978G). The Company's Articles of Association were registered with the notary public under No. (565) page (105) dated 29/12/1397H (corresponding to 10/12/1977G). Then, approval was given to transform the Company from a limited liability Company to a closed joint stock Company pursuant to the Minister of Commerce Resolution No. (2711) dated 06/10/1427H (corresponding to 11/12/2006G). The Company's Articles of Association were updated pursuant to Royal Decree No. (M/132) dated 01/12/1443H (corresponding to 30/06/2022G) and Minister of Commerce Resolution No. (284) dated 23/06/1444H (corresponding to 16/01/2023G). The Company held an Extraordinary General Assembly meeting on 13/05/1446H (corresponding to 15/11/2024G), which approved decisions that led to the issuance of the updated Articles of Association, which were officially issued on 01/06/1446H (corresponding to 02/12/2024G).

10-2-3 Stages of company capital development

- On 29/12/1397H (corresponding to 10/12/1977G), the Company was established with a capital of (20,000,000) twenty million Saudi Riyals, divided into (2,000) two thousand shares of equal value, and the value of each share was (10,000) ten thousand Saudi Riyals.
- On 15/01/1402H (corresponding to 04/11/1981G), the Company's capital was increased from (20,000,000) twenty million Saudi Riyals to (24,000,000) twenty-four million Saudi Riyals. The total number of shares amounted to two thousand (2,000) shares, with a nominal value of (12,000) twelve thousand Saudi Riyals per share, and the shares were redistributed among the partners.
- On 01/08/1402H (corresponding to 24/05/1982G), the Company's capital was increased from (24,000,000) twenty-four million Saudi Riyals to (36,000,000) thirty-six million Saudi Riyals. The total number of shares amounted to (360,000) three hundred and sixty thousand shares, with a nominal value of (100) one hundred Saudi Riyals per share. The shares were redistributed among the partners.
- Pursuant to Ministerial Resolution No. (229) dated 28/05/1408H (corresponding to 18/01/1988G), ownership of the heirs' shares was transferred and the names of the Company's partners were amended.

- On 25/04/1412H (corresponding to 01/11/1991G), the Company's capital was reduced from (36,000,000) thirty-six million Saudi Riyals to (30,000,000) thirty million Saudi Riyals. The total number of shares amounted to (300,000) three hundred thousand shares, with a nominal value of (100) one hundred Saudi Riyals per share.
- Pursuant to the amendment to the Articles of Association dated 28/05/1415H (corresponding to 31/10/1994G), some of the partners' names were amended, and the capital was increased from (30,000,000) thirty million Saudi Riyals to (40,000,000) forty million Saudi Riyals. The total number of shares amounted to (400,000) four hundred thousand shares, with a nominal value of (100) one hundred Saudi Riyals per share.
- Pursuant to Ministerial Resolution No. (2711) dated 06/10/1427H (corresponding to 11/12/2006G), the partners agreed to convert the Company from a limited liability company to a closed joint stock company with a capital of (150,000,000) one hundred and fifty million Saudi Riyals, of which (90,000,000) ninety million Saudi Riyals is the current capital, and the capital was increased by (60,000,000) sixty million Saudi Riyals in cash, paid according to the percentage of each shareholder. Accordingly, the total number of shares is (15,000,000) fifteen million shares, with a total nominal value of (150,000,000) one hundred and fifty million Saudi Riyals.

10-2-4 The Company Capital

The current capital of the Company is (150,000,000) one hundred and fifty million Saudi Riyals, divided into (15,000,000) fifteen million nominal shares of equal value with a nominal value of (10) ten Saudi Riyals per share.

10-2-5 Substantial Shareholders

A Substantial shareholder is one who owns 5% (five percent) or more of the Company's shares. As of the date of this prospectus, the Company has no Substantial Shareholders.

10-2-6 Headquarters

According to Article three (3) of the Articles of Association, the Company's headquarters shall be in the city of Riyadh in the Kingdom of Saudi Arabia, and it may establish branches inside or outside the Kingdom by a decision of the Board of Directors.

10-2-7 The Company's Duration

Article five (5) of the Articles of Association stipulates that the Company's term shall be (99) ninety-nine Gregorian years, starting from the date of its registration in the commercial register. The Company's term may be extended by a decision issued by the Extraordinary General Assembly at least one year before the end of this term.

10-2-8 Company Objectives

According to Article four (4) of the Articles of Association, the Company's objectives are:

- 1- Quarrying for the extraction of stones, sand, and clay.
- 2- Other mining and quarrying activities not elsewhere classified.
- 3- Manufacture of glass and glass products.
- 4- Manufacture of construction clay products.
- 5- Manufacture of various types of concrete, cement, and plaster.
- 6- Manufacture of other non-metallic mineral products not elsewhere classified.
- 7- Manufacture of construction metal products.
- 8- Sanitation.
- 9- Construction of utility projects.

- 10- Wholesale of machinery and other equipment.
- 11- Other types of retail sale in non-specialized stores.
- 12- Retail sale of other new goods in specialized stores.
- 13- Pipeline transportation.

10-2-9 Articles of Association

The current version of the Company's Articles of Association was issued pursuant to a resolution of the Extraordinary General Assembly held on 03/05/1446H (corresponding to 05/11/2024G). These Articles of Association were approved by the Ministry of Commerce on 21/04/1447H (corresponding to 13/10/2025G). The Company is committed to uploading an updated version of its Articles of Association on the Tadawul website on the Company's page.

10-2-10 Company Management

10-2-10-1 Board of Directors

According to Article (17) seventeen and Article (24) twenty-four of the Articles of Association, the Company's Board of Directors consists of (7) seven members, who must be natural persons elected by the Ordinary General Assembly of Shareholders for a term not exceeding (4) four years. The Board's meeting shall not be valid unless attended by 57% of the Board members, and the correct legal quorum for making decisions is the approval of 51% of the members. A Board member may delegate other members to attend Board meetings on his behalf in accordance with the following controls:

- A Board Member may not represent more than one member at the same meeting.
- The representation must be in writing and for a specific meeting.
- The representative may not vote on decisions that the bylaws prohibit the person representing them from voting on.

The Board's decisions shall be issued by a majority of the votes of the members present, either in person or by proxy, at least. In the event of a tie vote, the side with which the meeting chairperson votes shall prevail. The Board of Directors' decision shall be effective from the date of its issuance, unless it stipulates that it shall be effective at a different time or upon the fulfillment of certain conditions.

The current Board of Directors is composed as follows:

Table No. (96): Members of the Company's Board of Directors for the current term

No	Name	Position	Membership Capacity	Nationality
1	Prince Faisal Bin Abdulaziz Bin Faisal AL Saud	Chairman of the Board of Directors	Non Executive	Saudi
2	Saad Saud Ibrahim AL Sayari	Deputy Chairman and managing Director	Executive	Saudi
3	Saleh Badr Saleh Al-Sanea	Board Member	Independent	Saudi
4	Abdullah Sulaiman AL Dhabaan	Board Member	Non Executive	Saudi
5	Suliman Nassir Jubran Al Hatlan Al Qahtani	Board Member and Chairman of Audit Committee	Independent	Saudi
6	Sulaiman Ali Al Dakheel	Board Member	Independent	Saudi
7	Ahmed Othman Abdullah Al Qasabi	Board Member	Independent	Saudi
Secretary of the Board				
Saud Saad AL Sayari				

Source: Company Management

10-2-10-2 Board of Directors Committees

The Company's Board of Directors has (3) three committees, and these committees assist the Board of Directors in performing its duties and responsibilities and raising the level of supervision, control and decision-making controls within the framework of corporate governance and the regulations of the Capital Market Authority, and they are:

— Audit Committee:

On 03/04/1445H (corresponding to 18/10/2023G), the Board of Directors decided to form the Audit Committee and appoint the Chairman and members of the Committee. It consists of (3) three members for a period of (4) four years, starting from the date of appointment and ending with the end of the term or the end date of its current Board's term, whichever is earlier.

The following conditions are required for membership in the committee:

- They must not include any of the executive Board members or any of the Company's senior executives.
- At least one of them must be an independent member.
- The Chairman of the Audit Committee must be an independent Board member.
- At least one of them must have experience in financial and accounting matters.
- Anyone who works or has worked within the past two years in the Company's executive or financial management, or with the Company's auditors, may not be a member of the committee.

The following table shows the members of the Audit Committee appointed by the Board of Directors:

Table No. (97): Members of the Audit Committee appointed pursuant to the Board of Directors' decision

Name	Position
Suliman Nassir Jubran Al Hatlan Al Qahtani	Chairman of the Audit Committee - Independent
Sulaiman Ali Al Dakheel	Member of the Audit Committee - Independent
Saleh Badr Saleh Al-Sanea	Member of the Audit Committee - Independent

Source: The Saudi Vitrified Clay Pipe Company

— Remuneration and Nominations Committee:

On 03/04/1445H (corresponding to 18/10/2023G), the Board of Directors decided to form the Nominations and Remuneration Committee and appoint the Chairman and members of the Committee. It consists of (3) three members for a period of (4) four years, starting from the date of appointment and ending with the end of its term or the end date of the current Board term, whichever is earlier.

The following conditions are required for membership in the committee:

- They must not include any of the executive Board members or any of the Company's senior executives.
- At least one of them must be an independent member.
- The Chairman of the Audit Committee must be an independent Board member.
- The Chairman of the Board of Directors may be a member of the committee, provided that he shall not hold the position of Chairman of the committee.

The following table shows the members of the Nominations and Remuneration Committee appointed by the Board of Directors:

Table No. (98) Members of the Nominations and Remuneration Committee appointed pursuant to the Board of Directors' decision

Name	Position
Suliman Nassir Jubran Al Hatlan Al Qahtani	Chairman of the Committee - Independent
Prince Faisal Bin Abdulaziz Bin Faisal AL Saud	Committee Member – Non-Executive
Abdullah Sulaiman AL Dhabaan	Committee Member – Non-Executive

Source: The Saudi Vitrified Clay Pipe Company

— Executive Committee:

On 03/04/1445H (corresponding to 18/10/2023G), the Board of Directors decided to form the Executive Committee and appoint the Chairman and members of the Committee, which consists of (3) three members. For a term of four (4) years, commencing from the date of appointment and ending upon the earlier of the expiry of the term or the conclusion of the current Board's term.

The following conditions are required for membership in the committee:

- Members must possess an appropriate level of knowledge and experience. Non-executive members or non-members of the Board of Directors may be recruited, whether they are shareholders or not.

The following table shows the Executive Committee members appointed by the Board of Directors:

Table No. (99) Executive Committee members appointed pursuant to the Board of Directors decision

Name	Position
Prince Faisal Bin Abdulaziz Bin Faisal AL Saud	Chairman of the Committee - Non-Executive
Saad Saud Ibrahim AL Sayari	Committee Member - Executive
Abdullah Sulaiman AL Dhabaan	Committee Member – Non-Executive

Source: The Saudi Vitrified Clay Pipe Company

10-2-10-3 Executive Management

The Company's executive management is vested in the Managing Director, who, as of the date of this Prospectus, is Saad Saud Al Sayari. Saad Al Sayari also serves as Deputy CEO. Abdelkhalig Abdulla Babkeir Al-Hassan serves as the CFO. The table below shows the members of the Executive Management:

Table No. (100) Executive Management Members

No	Name	Position	Nationality	Age	Owned Shares	
					Directly	Indirectly
					Percentage	Percentage
1	Saad Saud Ibrahim AL Sayari	CEO and Managing Director	Saudi	81	0.33%	-
2	Ali Saeed Mohammed Al-Qahtani	General Manager	Saudi	48	-	-
3.	Abdelkhalig Abdulla Babkeir Al-Hassan	CFO	Sudanese	52	-	-

No	Name	Position	Nationality	Age	Owned Shares	
					Directly	Indirectly
					Percentage	Percentage
4	Saud Saad AL Sayari	Deputy CEO	Saudi	48	-	-
5	Haitham Adel Al Shaer	Production and Maintenance Manager	Palestinian	36	-	-
6	Osama Abdel Rahman Abdel Hafeez	Quality Department Manager	Sudanese	34	-	-
7	Abdulaziz Anwar Ibrahim	Sales Manager	Jordanian	31	-	-
8	Saad Mani' Al-Qahtani	Administrative Affairs Manager	Saudi	40	-	-
9	Osama Ibrahim Al Anzi	Internal Audit Manager	Saudi	33	-	-

Source: Company Management

10-2-10-4 Corporate Governance

The Capital Market Authority stipulates that all joint stock companies shall comply with the Corporate Governance Regulations and adopt written policies in accordance with Article (91) ninety-one of the Corporate Governance Regulations, which must comply with all mandatory provisions contained therein. In addition, pursuant to subparagraph (24) twenty four of paragraph (a), of Article (26) twenty six of the Rules of the Offer of Securities and Continuing Obligations, the Company must submit its corporate governance policies to the Capital Market Authority, including the conflict of interest policy, board membership standards and procedures, the Audit Committee charter, and the Nominations and Remuneration Committee charter. All documents must be in Arabic.

10-2-10-5 Subsidiaries

According to Article Six (6) of the Articles of Association, the Company may establish companies on its own with limited liability, closed joint-stock companies, or simplified joint-stock companies in accordance with the provisions of the Companies Law. It may also own shares and stakes in other existing companies or merge with them. It has the right to participate with others in establishing joint-stock companies, simplified joint-stock companies, limited liability companies, or any other entities, whether inside or outside the Kingdom, after fulfilling the requirements of the applicable regulations and instructions in this regard. The Company may also dispose of these shares or stakes, provided that this does not include brokerage in their trading.

As of the date of this prospectus, the Company has two subsidiaries:

- **Laffan Pipes Company**, a limited liability Company (one person) under commercial registration number (1009047290) issued in Riyadh, dated 26/11/1445H (corresponding to 03/06/2024G). This company was established as a subsidiary with a capital of (500,000) five hundred thousand Saudi Riyals divided into (50,000) fifty thousand shares wholly owned by the Company.
- **Saudi Land Factory for Cement Products (SLF)**, a limited liability company (one person) under commercial registration number (1011022606) issued in Riyadh, dated 13/11/1446H (corresponding to 11/05/2025G). The Company acquired the subsidiary from the previous owners for an amount of (25,000,000) twenty-five million Saudi Riyals, in addition to paying an amount of (3,100,000) three million and one hundred thousand Saudi Riyals, which represents part of the value of the outstanding obligations of the subsidiary. Thus, the Company owns the entire capital of this subsidiary.

10-3 Key Licenses, Certifications and Approvals

The Company and its subsidiaries have obtained several regulatory and operational licenses and certificates from the competent authorities necessary to conduct its business in accordance with the regulations in force in the Kingdom of Saudi Arabia. These licenses are renewed periodically.

Failure to renew or obtain the necessary licenses and certificates may result in penalties against the Company, such as warnings, financial fines, closure of the sites it operates, suspension of its electronic services it utilizes, or prohibition from engaging in a specific activity.

The following table shows the current licenses and approvals the Company and/or its subsidiaries have obtained:

Table No. (101) Key Licenses, Certificates, and Approvals

No	Type of License	Purpose	License No.	Date of Issue	Expiry Date	Status	Issued by
1	Localization Certificate for the Saudi Vitrified Clay Pipe Company	The Company achieving the required percentage of Saudization.	185081-19827341	29/05/1446H (corresponding to 01/12/2024G)	05/10/1447H (corresponding to 24/03/2026G)	Valid	Ministry of Human Resources and Social Development
2	Localization Certificate for the Subsidiary the Saudi Land Factory for Cement Products	The Subsidiary Saudi Land Factory for Cement Products, for cement products achieving the required percentage of Saudization.	16615504-967966	24/12/1445H (corresponding to 30/06/2024G)	27/09/1447H (corresponding to 16/03/2026G)	Valid	Ministry of Human Resources and Social Development
3	Localization certificate for the subsidiary, Laffan Pipes Company	The subsidiary, Laffan Pipes Company, achieved the required localization rate.	15808187-109014	07/07/1447H (corresponding to 24/12/2025G)	05/10/1447H (corresponding to 24/03/2026G)	Valid	Ministry of Human Resources and Social Development
4	Operating License for the Saudi Vitrified Clay Pipes Company	License to operate the facility	OLC-25-10-19004347	27/04/1447H (corresponding to 19/10/2025G).	08/05/1448H (corresponding to 19/10/2026G).	valid	Saudi Authority for Industrial Cities and Technology Zones
5	Operating License for the Saudi Vitrified Clay Pipes Company	License to operate the facility	OLC-25-10-19004346	27/04/1447H (corresponding to 19/10/2025G).	08/05/1448H (corresponding to 19/10/2026G).	valid	Saudi Authority for Industrial Cities and Technology Zones
6	Operating License for the Saudi Vitrified Clay Pipes Company	License to operate the facility	OLC-25-10-22004444	30/04/1447H (corresponding to 22/10/2025G).	11/05/1448H (corresponding to 22/10/2026G).	valid	Saudi Authority for Industrial Cities and Technology Zones

No	Type of License	Purpose	License No.	Date of Issue	Expiry Date	Status	Issued by
7	Industrial Facility License for the Saudi Vitrified Clay Pipes Company	To conduct activities requiring a permit from the Ministry of Industry	1397100182922	On 20/01/1397H (corresponding to 10/01/1977G).	18/03/1450H (Corresponding to 09/08/2028G).	valid	Ministry of Industry and Mineral Resources
8	Industrial Facility License for the Subsidiary Company, the Saudi Vitrified Clay Pipes Company	To conduct activities requiring a permit from the Ministry of Industry	411223324	07/09/1441H (corresponding to 30/04/2020G).	24/10/1451H (Corresponding to 27/02/2030G).	valid	Ministry of Industry and Mineral Resources
9	Industrial Facility License for the Subsidiary Company, Saudi Land Factory for Cement Products (SLF)	To conduct activities requiring a permit from the Ministry of Industry	421223712	17/02/1442H (corresponding to 04/10/2020G).	20/05/1448H (corresponding to 31/10/2026G).	valid	Ministry of Industry and Mineral Resources
10	Industrial Facility License for the Subsidiary Company, Laffan Pipes Company	To conduct activities requiring a permit from the Ministry of Industry	4602229090	22/02/1446H (corresponding to 26/08/2024G)	15/03/1448H (corresponding to 28/08/2026G)	valid	Ministry of Industry and Mineral Resources
11	Environmental Permit for the Saudi Vitrified Clay Pipes Company	Permit to operate quarries in Al-Kharj city	EPOPP-2024-010048	22/02/1446H (corresponding to 26/08/2024G).	24/03/1449H (corresponding to 26/08/2027G)	valid	National Center for Environmental Compliance Monitoring
12	Environmental Permit for the Saudi Vitrified Clay Pipes Company	A statement indicating the centre's approval of quarry operations in the city of Huraymila	EPC2-2024-014239	02/07/1446H (Corresponding to 02/01/2025G).	05/08/1449H Corresponding to 02/01/2028G).	valid	National Center for Environmental Compliance Monitoring
13	Environmental Permit for the Saudi Vitrified Clay Pipes Company	A statement indicating the centre's approval of pipe manufacturing activities in Riyadh.	EPOPP-2025-008461	06/02/14547H (corresponding to 31/07/2025G)	09/03/1450H (corresponding to 31/07/2028G)	Environmental permit for the Saudi Vitrified Clay Pipe Company	A statement indicating the center's approval of pipe manufacturing activities in Riyadh.

No	Type of License	Purpose	License No.	Date of Issue	Expiry Date	Status	Issued by
14	Environmental Permit for the Saudi Vitrified Clay Pipes Company	A permit indicating the centre's approval for the following activities: manufacturing concrete or cement pipes and tubes, manufacturing precast insulated concrete, manufacturing concrete or cement tanks and basins, and manufacturing precast concrete units in Al-Kharj city.	EPOPP-2024-007676	02/06/1446H (corresponding to 03/12/2024G)	05/07/1449H (corresponding to 03/12/2027G)	valid	National Center for Environmental Compliance Monitoring
15	Group accommodation license for the Saudi Company for the Saudi Vitrified Clay Pipes Company	Group housing permit	HCL-25-001191	Not mentioned	18/04/1448H (corresponding to 29/09/2026G)	valid	Saudi Authority for Industrial Cities and Technology Zones (MODON)
16	Social Security Certificate for the Saudi Vitrified Clay Pipes Company	The certificate states that the Company has fulfilled all its obligations towards the General Organization for Social Insurance.	102523165	04/07/1447H (corresponding to 24/12/2025G)	05/10/1447H (corresponding to 24/03/2026G)	valid	General Organization for Social Insurance
17	Social Security Certificate for the subsidiary, Laffan Pipe Company	Zero certificate (Entity is not subject to the provisions of the system)	107905956	26/07/1447H (corresponding to 15/01/2026G)	27/10/1447H (corresponding to 15/04/2026G)	valid	General Organization for Social Insurance
18	Social Security Certificate for the subsidiary, Saudi Land Factory for Cement Products (SLF)	The certificate states that the subsidiary, Saudi Land Factory Company for cement products has fulfilled all its obligations towards the General Organization for Social Insurance.	108817960	14/08/1447H (corresponding to 02/02/2026G)	15/11/1447H (corresponding to 02/05/2026G)	valid	General Organization for Social Insurance
19	Social Security Certificate for the subsidiary company, Laffan Pipes Company	The certificate states that the subsidiary, Laffan Pipes Company, has fulfilled all its obligations towards the General Organization for Social Insurance.	106770964	04/07/1447H (corresponding to 24/12/2025G)	05/10/1447H (corresponding to 24/03/2026G)	Valid	General Organization for Social Insurance
20	Monthly Nitaqat Report for September 2025G for the Saudi Vitrified Clay Pipes Company	It indicates that the entity's range is low green and the Company's compliance rate with localization is (25%).	None	N/A	N/A	Valid	Qiwa

No	Type of License	Purpose	License No.	Date of Issue	Expiry Date	Status	Issued by
21	Monthly Nitaqat Report for September 2025 for the subsidiary, Saudi Land Factory for Cement Products (SLF)	It indicates that the facility's scope is medium green and the Company's compliance rate with localization is (50%).	None	N/A	N/A	Valid	Qiwa
22	Wage Protection Law Compliance Certificate for the Saudi Vitrified Clay Pipes Company	The Company's commitment to the Wage Protection System.	15826594-143740	14/08/1447H (corresponding to 02/02/2026G)	13/09/1447H (corresponding to 02/03/2026G)	Valid	Ministry of Human Resources and Social Development
23	Wage Protection System Compliance Certificate for the subsidiary, Saudi Land Factory for Cement Products (SLF)	The Company's compliance with to the Wage Protection System.	20150638-500113	28/07/1447H (corresponding to 17/01/2026G)	29/08/1447H (corresponding to 17/02/2026G)	Valid	Ministry of Human Resources and Social Development
24	Certificate of compliance with the Wage Protection Law for the subsidiary company, Laffan Pipes Company,	Confirming the company's commitment to the Wage Protection Law.	48303981-514055	08/08/1447H (corresponding to 27/01/2026G)	10/09/1447H (corresponding to 27/02/2026G)	Valid	Ministry of Human Resources and Social Development
25	Debt Certificate for the Saudi Vitrified Clay Pipes Company	This indicates that the Company has no outstanding debts.	60797295-703933	13/08/1447H (corresponding to 01/02/2026G)	12/09/1447H (corresponding to 01/03/2026G)	Valid	Ministry of Human Resources and Social Development
26	Debt Certificate for the subsidiary, Saudi Land Factory for Cement Products (SLF)	This indicates that the subsidiary, Saudi Land Factory for Cement Products (SLF), has no outstanding debts.	10373997-455400	26/07/1447H (corresponding to 15/01/2026G)	27/08/1447H (corresponding to 15/02/2026G)	Valid	Ministry of Human Resources and Social Development
27	The debt certificate for the subsidiary, Laffan Pipes Company,	Indicates that the subsidiary, Laffan Pipes Company, has no outstanding debts.	59798087-198216	08/08/1447H (corresponding to 27/01/2026G)	10/09/1447H (corresponding to 27/02/2026G)	Valid	Ministry of Human Resources and Social Development
28	Moqem report for the Saudi Vitrified Clay Pipes Company	Statement of employees registered under the Company's commercial register	ACRP0012	07/04/1447H (corresponding to 29/09/2025G)	N/A	Valid	Passports - Ministry of Interior

No	Type of License	Purpose	License No.	Date of Issue	Expiry Date	Status	Issued by
29	Chamber of Commerce membership certificate for the Saudi Vitrified Clay Pipes Company	Company membership in the Riyadh Chamber	Membership number 101000008002	01/02/1443H (corresponding to 08/09/2021G).	20/03/1448H (Corresponding to 02/09/2026G).	Valid	Riyadh Chamber
30	Chamber of Commerce membership certificate for the subsidiary company, Saudi Land Factory for Cement Products (SLF)	Company membership in the Riyadh Chamber	None	06/03/1446H (corresponding to 09/09/2024G).	27/12/1450H (corresponding to 11/05/2029G).	Valid	Al-Kharj Chamber
31	Small mine license For the Saudi Vitrified Clay Pipes Company	License for a small mine located in Al-Kharj city	142763	02/12/1427H (corresponding to 23/12/2006G).	13/07/1448H (corresponding to 22/12/2026G).	Valid	Ministry of Industry and Mineral Resources
32	Small mine license for the Saudi Company for the Saudi Vitrified Clay Pipes Company	License for a small mine located in the city of Harimla – Darma	1445613	16/10/1445H (corresponding to 25/04/2024G).	15/10/1465H (corresponding to 18/09/2043G).	Valid	Ministry of Industry and Mineral Resources
33	Municipal (Baladi) License for the Saudi Vitrified Clay Pipes Company branch	License to conduct business in pottery and handicrafts	46061788832	06/03/1447H (corresponding to 13/12/ 2025G).	N/A	Valid	Ministry of Municipal and Rural Affairs
34	Civil Défense (Safety) License for the Saudi Vitrified Clay Pipes Company branch	Safety license for the branch office	2-001735940-47	13/06/1447H (corresponding to 04/12/2025G).	22/06/1448H (corresponding to 02/12/2026G).	Valid	Civil Defence
35	Certificate of origin issued by the Ministry of Industry and Mineral Resources	For supply outside the Kingdom in connection with the purchase order concluded with Ishtenog Keramo N.V.	4500225133	12/07/1445H (corresponding to 24/01/2024G).	N/A	Valid	Ministry of Industry and Mineral Resources

Source: The Saudi Vitrified Clay Pipe Company

10-4 Ongoing Obligations by Government Agencies on the Company as a «License Holder»

10-4-1 Ongoing obligations as required by the Ministry of Commerce

- The Company complies with the Commercial Registry Law by registering with the Commercial Registry Department in Riyadh, the headquarters of the Company, under Certificate No. (1010014993), dated 08/03/1398H (corresponding to 16/02/1978G), which expires on 10/03/1447H (corresponding to 02/09/2025G). It is valid until the next annual confirmation date for the commercial register on 20/03/1448H (corresponding to 02/09/2026G).
- The Company complies with the Companies Law by including in its bylaws the basic provisions and articles stipulated in the Companies Law. The Company has also updated its bylaws in accordance with the Companies Law issued by Royal Decree No. (M/132) dated 01/12/1443H (corresponding to 30/06/2022G).
- The Company has completed the procedures for establishing its branch and is compliant with the Commercial Registry Law regarding registration with the Commercial Registry Department in Riyadh.
- The Company complies with Article (88) of the Companies Law, which requires the general assembly of shareholders to convene at least once within the six months following the end of the Company's fiscal year. The Company held its annual ordinary general assembly for the year 2025G on 22/11/1446H (corresponding to 20/05/2025G).

10-4-2 Ongoing obligations as required by the Zakat, Tax and Customs Authority

- The Company, like other registered entities and companies operating in the Kingdom, is obligated to submit its Zakat and tax returns within (120) days from the end of the fiscal year. The Company has submitted its Zakat return for the fiscal year ending in 2024G, and obtained a Zakat return submission certificate from the Zakat, Tax and Customs Authority, number (1116252459) and dated (03/11/1446H (corresponding to 01/05/2025G), and its validity expires on 13/11/1447H (corresponding to 30/04/2026G). This certificate enables the Company to complete all its transactions.

10-4-3 Ongoing Obligations as Required by the Ministry of Human Resources and Social Development

- A file has been opened for the Company at the Ministry of Human Resources and Social Development (Labor Office) under the unified number (7000066352) in accordance with the Saudization certificate. As of the date of this Prospectus, the Company is benefiting from the electronic services of the Ministry of Human Resources and Social Development, and a Saudization certificate has been issued to indicate that the Company is committed to the required Saudization percentage according to the Nitaqat program, which was (27%). It is located in the (low green) range according to certificate number according to certificate number (19827341-185081) dated 29/05/1446H (corresponding to 01/12/2024G), which expires on 24/05/1447H (corresponding to 15/11/2025G).
- The Company has an internal work regulation approved by the Ministry of Human Resources and Social Development, bearing the number (430992), and it was approved on 21/08/1440H (corresponding to 26/04/2016G).
- The Company is committed to the Wage Protection System and the regular increase in the wages of its employees, according to the commitment certificate No. (21431112-246436) dated 27/04/1447H (corresponding to 19/10/2025G), and its validity expires on 28/05/1447H (corresponding to 19/11/2025G). The compliance rate with the Wage Protection System as of September 2025G reached (100%) according to the Qiwa report.
- The Company's commitment to documenting its employees' employment contracts electronically reached (100%) as of September 2025G, according to a Qiwa report.

10-4-4 Ongoing Obligations According to the Requirements of the General Organization for Social Insurance

- A file has been opened for the Company with the General Organization for Social Insurance under subscription number (10087708). The total number of employees registered in the social insurance system as of November 2025G was (323), including (88) Saudi employees and (235) non-Saudi employees. It is subscribed to the pensions and occupational hazards branches for Saudi subscribers, and for non-Saudis, it is subscribed to the occupational hazards branch, according to the social insurance certificate number (104085080) dated 06/05/1447H (corresponding to 28/10/2025G). We note that the Company branch registered in Riyadh, commercial registration number (1010609539), is not registered with social insurance as there are no employees at the branch. The value of subscriptions paid up to 31/10/2025G amounted to (1,309,471.20) Saudi Riyals.

10-4-5 Ongoing Obligations According to the Requirements of the Ministry of Industry and Mineral Resources

- The Company is committed to obtaining the necessary licenses from the Ministry of Industry and Mineral Resources to conduct its industrial activities, which are related to the pipe industry. It has obtained a small mine license for the quarry located in the city of Dhurma, No. (1445613), issued on 16/11/1445H (corresponding to 25/04/2024G), and it is valid until 16/10/1465H (corresponding to 19/09/2043G). It has also obtained a small mine license for the quarry located in the city of Al-Kharj, No. (142763), issued on 02/12/1427H (corresponding to 23/12/2006G), and valid until 20/11/1446H (corresponding to 18/05/2026G).
- The Company also obtained industrial facility licenses for its plant located in Riyadh in the Second Industrial City, No. (1397100182922) dated 20/01/1397H (corresponding to 10/01/1977G), which is valid until 18/03/1450H (corresponding to 09/08/2028G), and for its second plant located in Riyadh in the Second Industrial City, No. (411223324) dated 07/09/1441H (corresponding to 30/04/2020G), which is valid until 24/10/1451H (corresponding to 27/02/2030G).
- The subsidiary companies are also committed to obtaining the necessary industrial licenses from the Ministry of Industry and Mineral Resources in order to conduct their business. The subsidiary, Saudi Land Factory for Cement Products (SLF), Commercial Registration No. (1011022606), obtained an industrial facility license No. (421223712) on 17/02/1442H (corresponding to 04/10/2020G), which is valid until 20/05/1448H (corresponding to 31/10/2026G). The subsidiary, Laffan Pipes Company, Commercial Registration No. (1009047290), obtained an industrial facility license No. (4602229090) on 22/02/1446H (corresponding to 26/08/2024G), which is valid until 15/03/1448H (corresponding to 28/08/2026G).

10-4-6 Ongoing Obligations According to the Requirements of the Saudi Authority for Industrial Cities and Technology Zones (MODON)

- In order to operate its plants and lands leased from the Saudi Authority for Industrial Cities («MODON»), the Company is committed to obtaining the necessary operating licenses from MODON to conduct its industrial activities in the industrial city of Riyadh. The Company has obtained operating licenses numbered (OLC-25-10-19004347), (OLC-25-10-19004346), both issued on 27/04/1447H (corresponding to 19/10/2025G), valid until 08/05/1448H (corresponding to 19/10/2026G). The Company also obtained operating license number (OLC-25-10-22004444), issued on 30/04/1447H (corresponding to 22/10/2025G), valid until 11/05/1448 H (corresponding to 22/10/2026G).
- The Company also obtained a collective worker accommodation license numbered (HCL-25-001191), issued by MODON and valid until 18/04/1448H (corresponding to 29/09/2026G).

10-4-7 Ongoing Obligations According to the Requirements of the Municipality

- The Company is committed to the requirements of the Municipality regarding its activity in the Company's rented office located in the Al-Malaz district of Riyadh, which is rented by the Company's branch bearing commercial registration number (1010609539). It has obtained a commercial activity license issued by the Riyadh Region Municipality - Al-Malaz Municipality, number (46061788832) under sub-commercial registration number (1010609539), to permit the activity

of «trading pottery and handicrafts» according to the International Standard Industrial Classification (ISIC). The license remains valid until 22/06/1447H (corresponding to 13/12/2025G).

10-4-8 Ongoing Obligations According to the Requirements of the Capital Market Authority

- The Company is committed to complying with the provisions of the Capital Market Law issued by Royal Decree No. (M/30) dated 02/06/1424H, and its Implementing Regulations, including the Rules on the Offer of Securities and Continuing Obligations issued pursuant to Capital Market Authority Board Resolution No. (3-123-2017) dated 09/04/1439H (corresponding to 27/12/2017G), as amended by Capital Market Authority Board Resolution No. (1-94-2025) dated 09/03/1447H (corresponding to 01/09/2025G).
- The Authority requires listed companies to comply with the Rules governing the offering of securities ongoing obligations, and specific instructions issued by the Authority, particularly the obligation to disclose material and financial developments and the Board of Directors' report periodically. Furthermore, the annual financial results published on the Tadawul website must be derived from audited financial statements approved by the Company's external auditor appointed by the General Assembly and approved by the Board of Directors. Companies must adhere to the announcement templates included in the instructions for Companies announcing their financial results. The Company must also provide a statement of all reasons and factors contributing to changes in the financial results for the current fiscal year and the comparative period, ensuring that these reasons encompass all items included in the financial results announcement.
- The Company is committed to complying with the provisions of the procedures and instructions for companies listed on the market whose accumulated losses have reached 20% or more of their capital, issued by the Capital Market Authority Board pursuant to Resolution No. 4-48-2013 dated 15/01/1435H (corresponding to 18/11/2013G), as amended by the Capital Market Authority Board Resolution No. (8-5-2023) dated 25/06/1444H (corresponding to 18/01/2023G). In compliance with this, the Company announced on 13/02/1447H (corresponding to 07/08/2025G), in conjunction with the announcement of the preliminary semi-annual financial results, that the accumulated losses had reached 45.45% of the Company's capital.
- In Compliance with the rules and regulations issued by the Capital Market Authority, the Company's Board of Directors recommended, in its meeting held on 02/02/1446H (corresponding to 06/08/2024G), increasing the Company's capital by an amount of (80,000,000) eighty million Saudi Riyals, through a Rights Issue of shares representing an increase of (53.33%) of the Company's total shares, after obtaining all necessary regulatory approvals, including the approval of the Extraordinary General Assembly and the Capital Market Authority.
- According to the Company's Articles of Association, the Company's shares are traded in accordance with the provisions of the Capital Market Law and its Implementing Regulations.

10-5 Summary of Material Contracts

10-5-1 Lease Contracts

The Company and its subsidiaries have concluded (7) seven lease contracts as a lessee, covering a Company office and industrial lands for the purpose of conducting its business and building its plants. Most of these contracts are conventional leases (i.e., they stipulate an annual rental amount paid by the Company to the lessor). The lessee is not entitled to sublet the property without the written consent of the lessor. The use of the leased property or the activity may not be changed without the consent of the lessor. The following is a list of the lease contracts concluded by the Company, its branch, and subsidiaries.

The table below shows details of the lease contracts in effect up to the date of this Prospectus:

Table No. (102) Lease Contracts

No	Property	Lessor	Lessee	Annual Rental Value in Saudi Riyals	Lease Date and Term	Notes
1	Office	Lessor 1 «Company»	Saudi Vitrified Clay Pipe Company, Commercial Registration No. (1010609539)	SAR 367,080	From 21/08/1446H (corresponding to 20/02/2025G) to 02/09/1447H (corresponding to 19/02/2026G)	It is considered a notarized contract and an executive document.
2	Industrial Land (First Plant)	Saudi Authority for Industrial Cities and Technology Zones (MODON)	Saudi Vitrified Clay Pipe Company	SAR 183,656	From 24/03/1442H (corresponding to 10/11/2020G) to 23/03/1461H (corresponding to 17/04/2039G)	None
3	Industrial Land (Plot of land adjacent to the first Plant)	Saudi Authority for Industrial Cities and Technology Zones (MODON)	Saudi Vitrified Clay Pipe Company	SAR 182,880	From 06/11/1443H (corresponding to 05/06/2022G) to 05/11/1453H (corresponding to 16/02/2032G)	None
4	Industrial Land	Saudi Authority for Industrial Cities and Technology Zones (MODON)	Saudi Vitrified Clay Pipe Company	SAR 48,096	From 24/03/1442H (corresponding to 10/11/2020G) To 23/03/1461H (corresponding to 17/04/2039G)	None
5	Industrial Land	Saudi Authority for Industrial Cities and Technology Zones (MODON)	Subsidiary company: Laffan Pipes Company, Commercial Register No. (1009047290)	SAR 507,012	From 08/07/1446H (corresponding to 08/01/2025G) to 07/07/1465H (corresponding to 14/06/2043G)	None
6	Industrial Land	Saudi Authority for Industrial Cities and Technology Zones (MODON)	Subsidiary company: Saudi Land Factory for Cement Products (SLF) (Commercial Register No. 1011022606)	SAR 367,730	From 09/02/1446H (corresponding to 13/08/2024G) to 08/02/1456H (corresponding to 27/04/2034G)	None
7	Residential land	Lesse 7	Saudi Vitrified Clay Pipe Company	SAR 33,000	From 28/04/1428H (corresponding to 15/05/2007G) To 05/02/1454H (corresponding to 14/05/2032G)	None

Source: The Company

10-5-2 Loans and Facilities

The Company has two loan and credit facility agreements to support its activities and projects, as detailed below:

10-5-2-1 Financing Agreement with the Saudi Investment Bank

On 04/04/1446H (corresponding to 07/10/2024G), the Company signed a credit facility agreement with the Saudi Investment Bank, with a financing ceiling of (30,000,000) thirty million Riyals. The term of the agreement extends until 06/02/1447H (corresponding to 31/07/2025G), and the facilities are subject to a set of securities and pledges as follows:

- A duly signed facility agreement.
- Agency to purchase and authorize the sale of goods.

We note that the agreement remains in effect as of the date of this Prospectus, and work is underway to renew the agreement.

10-5-2-2 Saudi Industrial Development Fund Loan

The subsidiary, Saudi Land Factory for Cement Products (SLF), with commercial registration number 1011022606, has a loan contract signed on 18/01/1442H (corresponding to 06/09/2020G) by the previous owners of the subsidiary with the Saudi Industrial Development Fund.

The loan amounted to (15,900,000) fifteen million, nine hundred thousand Saudi Riyals pursuant to an agreement signed on 18/01/1442H (corresponding to 06/09/2020G). The financing period is scheduled to expire on 15/02/1450H (corresponding to 08/07/2028G).

As part of the Company's acquisition of its subsidiary, Saudi Land Factory for Cement Products (SLF) (C.R. No. 1011022606), from the previous owners on 10/09/1445H (corresponding to 20/03/2024G), the Company submitted a request to the lender, the Saudi Industrial Development Fund, to transfer the obligations arising from the loan to the Company as a guarantor of the loan. Final approval from the lender regarding the transfer of the loan to the Company has not been issued by the date of preparing this Prospectus.

As of the date of this prospectus, final approval has not yet been obtained from the Saudi Industrial Development Fund (SIDF) for the transfer of the loan from the previous owner, who was both the borrower and guarantor, to the subsidiary company, which will now act as the borrower and guarantor. The subsidiary is also responsible for settling all outstanding loan obligations of the factory, a commitment stipulated in the partnership agreement with Doha Concrete Blocks Factory. It is worth noting that SIDF is currently working to obtain final approval. The Fund's approval letter for the transfer of loan obligations to the subsidiary is conditional upon the company settling all outstanding loan payments and associated follow-up costs before signing the amended loan agreement. The original loan agreement included a mortgage deed signed by the previous owner of the subsidiary company, mortgaging all buildings as specified in the contract. Following the loan transfer to the subsidiary as a result of the acquisition, the subsidiary transferred the mortgage to include the land leased from MODON (Saudi Industrial Cement Company) located in the industrial city of Al-Kharj Governorate. The mortgage also covers all facilities, buildings, and fixed and movable assets of the Saudi Land Cement Products Factory project, in favor of the Saudi Industrial Development Fund. There is a letter issued by MODON addressed to the Fund, stating their approval to mortgage the aforementioned facilities.

The loan contract included several securities and covenants, including:

- The Company pledges to maintain equity capital of no less than 25% of the total assets on the project's books.
- The requirement to obtain the Fund's prior approval in the event of a sale, merger, or consolidation with any other entity.
- A mortgage bond issued by the subsidiary's previous owners, including a mortgage on a plot of land leased from «MODON», comprising the entire plant, machinery, and equipment. The Company obtained MODON's approval to mortgage a plot of land leased by its subsidiary, the Saudi Land Factory for Cement Products (SLF), Commercial Registration No. (1011022606),

as part of the process of transferring the mortgage to the Company. This includes a mortgage on all facilities, buildings, and fixed and movable assets belonging to the factory.

10-5-3 Memorandum of Understanding and Merger Agreement

The Company has entered into several acquisition and partnership agreements with its subsidiaries in addition to the Assets Sale Agreement. Below is a summary of the agreements concluded by the Company:

10-5-3-1 Partnership Agreement in the Subsidiary Company, Laffan Pipes Company, Commercial Registration No. (1009047290)

The Company established a subsidiary named Laffan Pipes Company, which was registered in the Commercial Register on 26/11/1445H (corresponding to 03/06/2024G), under number (1009047290), as a limited liability Company (a one-person Company) with a capital of (500,000) five hundred Riyals, fully owned by the Company («**Laffan Subsidiary**»).

On 07/02/1446H (corresponding to 11/08/2024G), the Company entered into a partnership agreement with Laffan Pipes Company, a company incorporated and operating under the laws of the State of Qatar, Commercial Registration No. (129267) («**the Second Party**»), for the purpose of entering into a partnership in Laffan Subsidiary, which was previously established by the Company and fully owned by the Company.

Under the agreement, the Company will assign (45%) of its shares in the subsidiary Laffan Company in favor of the second party. The Company also committed to allocating an amount of (27,500,000 Riyals) to provide land and establish the infrastructure for the subsidiary Laffan Company's factory, and to inject the excess amount into the accounts of the subsidiary Laffan Company after the second party approves the construction cost quote.

In return, the second party is committed to providing the machinery and equipment necessary to operate the plant as an in-kind contribution, as specified in the agreement, and transferring its ownership to the subsidiary, with its commitment to transport and install it at the headquarters of the subsidiary Laffan Company, where the two parties agreed to value those machinery and equipment at an amount of (SAR 30,000,000), from which an amount of (SAR 22,500,000) will be calculated in exchange for the shares that will be transferred by the Company to the second party, and the remaining amount of (SAR 7,500,000) will be an additional amount allocated for the purpose of owning shares by Doha Concrete Blocks Factory Establishment in another partnership with the Company («**the Additional Amount**»), which was allocated to the partnership in the subsidiary, Saudi Land Factory Company, as explained below in the partnership agreement in the subsidiary, Saudi Land Factory for Cement Products (SLF).

The two parties also agreed to transform the subsidiary, Laffan Company, into a closed joint-stock Company and increase its capital to (SAR 50,000,000). The shares relinquished by the Company will be transferred to the second party upon the transformation. As of the date of this Prospectus, Laffan Company (a one-person Company) remains a limited liability Company.

10-5-3-2 Company Agreement in the Subsidiary, Saudi Land Factory for Cement Products (SLF), Commercial Registration No. (1011022606)

The Company acquired the subsidiary, Saudi Land Factory for Cement Products (SLF), Commercial Registration No. (1011022606) («**Saudi Land Factory Company**»), from the previous owners of Saudi Land Factory Company, for an amount of (SAR 25,000,000), in addition to paying an amount of (SAR 3,100,000), which represents part of the value of the outstanding obligations of the subsidiary for the loan contract concluded with the Saudi Industrial Development Fund. Thus, the Company becomes the owner of the entire capital of Saudi Land Factory Company.

The previous owners of the subsidiary, Saudi Land Factory for Cement Products (SLF), entered into a loan contract with the Saudi Industrial Development Fund («**SIDF**») on 08/01/1442H (corresponding to 27/08/2020G), with a ceiling of 15,900,000 Riyals. The Company sent a letter to the SIDF to transfer the loan obligations from the previous owner to the Company. Initial approval was issued by the SIDF, conditional on the payment of the due loan installments and the due follow-up costs. All provisions of the loan

contract remain in effect unless amended (for more information, please refer to Section 10-5-2-2 «**Saudi Industrial Development Fund Loan**» of this Prospectus).

On 07/02/1446H (corresponding to 11/08/2024G), the Company entered into a partnership agreement with Doha Concrete Blocks Factory Establishment, Commercial Registration No. (31458) («**the second party**»), for the purpose of partnership in the subsidiary, Saudi Land Factory for Cement Products (SLF). This agreement is an associated part of the partnership agreement concluded for the subsidiary, Laffan Company, detailed in Section 10-5-3-1 «**Partnership Agreement in the subsidiary, Laffan Pipes Company**» of this Prospectus.

Under the agreement, the Company shall waive (45%) of the subsidiary's shares in favour of the second party, in exchange for the second party providing the machinery and equipment necessary to operate the subsidiary's factory as an in-kind contribution, which was specified in the agreement and transferring its ownership to the subsidiary, which the two parties agreed to value at an amount of (SAR 17,000,000), in addition to the additional amount of the value of the machinery and equipment referred to in the agreement concluded with Laffan Pipes Company, referred to above as the additional amount, estimated at (SAR 7,500,000).

The two parties also agreed to transform the subsidiary, Saudi Land Factory Company, into a closed joint-stock Company and increase its capital to (50,000,000) Saudi Riyals. The shares to be transferred by the Company will be transferred to the second party upon the transformation of the relevant subsidiary. As of the date of preparing this Prospectus, the subsidiary, Saudi Land Factory Company (a one-person company), remains a limited liability Company.

10-5-3-3 Asset Sale and Transfer Agreement, concluded on 21/03/1447H (corresponding to 13/09/2025G)

The Company's branch and United Model Industries Company («**the Buyer**») entered into an asset sale and transfer agreement, which includes the sale of all existing assets and facilities on the land located in the Second Industrial City of Riyadh, in their current condition, including:

- 1- Hangars, production buildings, and warehouses.
- 2- Equipment and materials located on the factory grounds.
- 3- Assignment of the lease agreement concluded with the Saudi Authority for Industrial Cities and Technology Zones («**MODON**») to the Buyer.

The two parties agreed that the total price of the assets and facilities subject to the agreement shall be an amount of (45,000,000) forty-five million Saudi Riyals, excluding any fees or taxes, and shall be paid in two installments: the first installment of (9,000,000) nine million Saudi Riyals shall be paid upon signing the agreement, and the second installment of (36,000,000) thirty-six million Saudi Riyals shall be paid upon MODON's approval of the assignment and completion of the procedures for transferring the lease contract in accordance with the applicable regulatory procedures.

If the Company branch delays in initiating the transfer or asset handover procedures for more than ten days after being notified of the delay by the buyer, the buyer shall have the right to compel the branch to complete the sale and to charge it any resulting litigation costs. Similarly, if the buyer delays payment or initiating the transfer procedures for more than ten days after being notified by the Company branch, the branch shall have the right to compel the buyer to complete the sale and to charge it any resulting legal costs. If the sale is not completed due to a reason attributable to the buyer, the buyer is not entitled to a refund of the initial payment, which remains due to the Company branch.

The parties may terminate the agreement if MODON does not approve the transfer for reasons beyond the control of either party. In this case, the buyer is entitled to a refund of the initial payment made upon signing the agreement, provided MODON's approval is obtained and the lease is transferred to the lessee, «**United Model Industries Company**.»

Both parties are obligated to maintain the confidentiality of the information contained in this agreement and not disclose it to any third party, except as required by applicable regulations or with the written consent of the other party. This excludes the right of the

Company branch to announce the transaction in accordance with the regulations of the Capital Market Authority. United Model Industries Company has given its consent to disclose the details and information of this agreement in the Prospectus.

10-5-4 The Company's Operating and Supply Contracts

The following table details the operating and supply contracts to which the Company is a party:

Table No. (103) The Company's Operating and Supply Contracts

Contracting Party	Service	Value	Signature Date	Expiration Date/Renewal Mechanism
Operator 1	Transporting company waste to Municipality-approved landfills	SAR 180 per return	15/06/1446H (corresponding to 17/11/2024G)	11/07/1447H corresponding to (31/12/2025G). Automatically renewed unless one party notifies the other 60 days in advance.
Operator 2	Pest control for Company offices and employee housing	SAR 13,800	02/05/1446H (corresponding to 04/11/2024G)	It is automatically renewed for a similar period unless one party expresses a desire not to renew, and the contract is valid until the date of this publication.
Operator 3	Container rental for the Company	SAR 2300 per container	24/02/1447H (corresponding to 18/08/2025G)	05/03/1448H (corresponding to 18/08/2026G). The contract is renewable for a similar period unless one party notifies the other in writing of their desire not to renew one month prior to the contract's expiry date.
Operator 4	Container rental for the Company	SAR 5,520 per container	24/02/1447H (corresponding to 18/08/2025)	05/03/1448H (corresponding to 18/08/2026G). The contract is renewable for a similar period unless either party notifies the other in writing of their desire not to renew one month prior to the contract's expiry date.
Operator 5	Transporting the Company's industrial and hazardous waste to approved facilities	SAR 5,750	09/03/1447H (corresponding to 01/09/2025G)	One year, renewable for a similar period unless one of the parties expresses a desire not to renew.
Operator 6	Waste removal from commercial shops	SAR 1,050 per month	18/03/1447H (corresponding to 10/09/2025G)	One year, renewable for a similar period unless one of the parties expresses a desire not to renew.
Supplier 1	Providing daily meals to Company employees	SAR 17 per day (varies by date and meal type)	22/10/1445H (corresponding to 01/05/2024G)	It is automatically renewed unless one party notifies the other 60 days in advance, and the contract is considered renewed and valid until the date of this Prospectus.

Contracting Party	Service	Value	Signature Date	Expiration Date/Renewal Mechanism
Supplier 2	Water supply	SAR 175 per car	18/10/1445H (corresponding to 27/04/2024G)	The contract is for one year, automatically renewable unless either party notifies the other 30 days in advance. This contract is renewed and valid until the date of this Prospectus.
Supplier 3	Water supply	SAR 180 for drinking water 60 Riyals for fresh water (per car)	16/12/1445H (corresponding to 22/06/2024G)	The contract is for one year and is renewable for a similar period unless one party notifies the other of their desire not to renew 30 days before the contract expires. The contract is considered renewed and valid until the date of this Prospectus.
«Legal Consulting» Service Provider	Legal consultations regarding the Company's daily operations' compliance with regulations, and providing legal support in the areas of Companies Law and other related regulations	SAR 80,000 for 80 hours, and 1,500 Riyals for each additional hour	01/07/1447H (corresponding to 01/01/2025G)	One year ending on 12/07/1447H (corresponding to 01/01/2026G)

Source: The Saudi Vitrified Clay Pipe Company

10-5-5 Dry Gas Supply Contracts

On 23/07/1437H (corresponding to 30/04/2016G), the Company entered into a five-year dry gas supply agreement to purchase dry gas from the Natural Gas Distribution Company for the Company's plant located in Riyadh, with a maximum quantity estimated at (2,808) million British thermal units per day, for an amount of (SAR 8.06) per million British thermal units. The price may fluctuate up or down based on what the Kingdom of Saudi Arabia determines as the selling price of dry gas purchased from Saudi Aramco. In addition, an amount of (SAR 1.20) per million British thermal units is the gas distribution service tariff set by the Ministry of Energy. The price may fluctuate up or down as determined by the Ministry of Energy from time to time. The Company bears all taxes and fees imposed by the Kingdom on dry gas consumption. The agreement included a Saudization condition requiring the Company to provide the Natural Gas Distribution Company with an annual report demonstrating its commitment to the Saudization percentages specified in the agreement, which is (65%) Saudization of the Company's operating workforce. In the event of a dispute, the agreement is subject to arbitration provisions, and the party against whom the ruling is issued shall bear the arbitration costs. The agreement shall be deemed renewable for a similar term or terms unless one party notifies the other of its desire not to renew at least three months prior to the expiration of the specified term. The agreement is deemed renewed and valid at the time of preparing this Prospectus.

On 27/07/1437H (corresponding to 04/05/2016G), the Company entered into a five-year dry gas supply agreement to purchase dry gas from the Natural Gas Distribution Company for the Company's plant located in Riyadh, with a maximum quantity estimated at (2,808) million British thermal units per day, for an amount of (SAR 8.06) per million British thermal units. The price may fluctuate up or down based on what the Kingdom of Saudi Arabia determines as the selling price of dry gas purchased from Saudi Aramco. In addition, an amount of (SAR 1.20) per million British thermal units is the gas distribution service tariff set by the Ministry of Energy, which may fluctuate up or down as determined by the Ministry of Energy from time to time. The Company bears all taxes and fees imposed by the Kingdom on dry gas consumption. The agreement included a Saudization condition requiring the Company to provide the Natural Gas Distribution Company with an annual report demonstrating its commitment to the Saudization percentages specified in the agreement, which is (65%) Saudization of the Company's operating workforce. In the event of a dispute, the agreement is subject to arbitration provisions, and the party against whom the ruling is issued shall bear the arbitration costs. The agreement shall

be deemed renewable for a similar term or terms unless one party notifies the other of its desire not to renew at least three months prior to the expiration of the specified term. The agreement is deemed renewed and valid at the time of preparing this Prospectus.

10-5-6 Petroleum Services Supply Contract

On 01/03/1444H (corresponding to 27/09/2022G), the Company concluded an annual contract for the supply of petroleum services with the Rubu' Al Jabalain Fuel Station to supply diesel to the Company's site in the agreed quantities and at a price of (62) halalas per liter, to be paid by the Company within 30 days from the date of submitting the monthly invoice. The contract is renewable for a period of one year unless either party notifies the other of its desire to discontinue 30 days before the expiration of the contract. The contract is considered renewed and valid until the date of preparing this Prospectus.

10-5-7 Prefabricated Factory Supply Contract

On 22/05/1446H (corresponding to 24/11/2024G), the Company concluded a contract with Supplier 10 to supply a prefabricated factory. The contract stipulates the supply of one factory building measuring 100m x 84m, in accordance with the technical specifications specified in the contract, for a total value of SAR 3,740,000 (excluding value-added tax). Supplier 10 is committed to implementing the project within a period ranging from 10 to 14 weeks from the date of signing and receipt of all requirements.

10-5-8 Subsidiary Supply Contracts

On 24/02/1446H (corresponding to 28/08/2024G), the subsidiary, Saudi Land Factory for Cement Products (SLF) (Commercial Registration No.: 1011022606), concluded a contract to supply and install concrete pipes with Affinitas Company, for a total value of (2,319,400) Euros (equivalent to SAR (9,153,512.10)). The contract stipulated that any dispute related to the contract shall be subject to arbitration in accordance with the laws and regulations of the State of Denmark. The contract did not specify the burden of bearing the costs of arbitration, and in the event of a dispute and a foreign court ruling against the subsidiary, the legal and financial consequences that the subsidiary would be exposed to could have a negative impact on the subsidiary's operations and financial condition. The subsidiary executed a purchase order concluded with Affinitas Company on 04/06/1446H (corresponding to 05/12/2024G), in the amount of (394,132.60) Euros (equivalent to SAR (1,596,937)) to supply concrete equipment, molds and accessories to the subsidiary company, Saudi Land Factory for Cement Products (SLF).

10-5-9 Contracts and Agreements Concluded by the Company for the Benefit of Subsidiaries

10-5-9-1 The Subsidiary Plant Establishment Agreement

On 18/07/1446H (corresponding to 18/01/2025G), the Company concluded an agreement to establish a high-density polyethylene (HDPE) pipe factory, for which the subsidiary, Laffan Pipes Company, was established, with Commercial Registration No. (1009047290), concluded with Kulluna Wahed General Contracting Company (the «Contractor»), whereby the Company contracted with the Contractor to establish a corrugated and spiral HDPE pipe factory on the industrial land located in Al-Kharj Governorate and rented from MODON by the subsidiary, Laffan Pipes Company. Under the agreement, the Contractor shall establish the factory and supply and bring in all necessary tools and equipment at its own expense to implement the project in accordance with the terms and specifications approved by the Project Owner. This shall be in accordance with the terms, specifications, and timetable approved by the Company, for an amount of (SAR 16,644,252) (excluding value-added tax) to be paid by the Company to the Contractor as follows:

- 15% of the project value, paid upon signing.
- 80% of the project value, paid monthly based on the percentage of completion (progress payments), according to the monthly completion certificate approved by the project consultant.
- 5% of the project value, paid 12 months after the project is received without any malfunctions or construction problems.

The project started on 18/07/1446H (corresponding to 18/01/2025G) and its completion and delivery date will be on 26/04/1447H (corresponding to 18/01/2025G).

10-5-9-2 Engineering Services Contracts

On 18/11/1445H (corresponding to 26/05/2024G), the Company concluded an engineering services contract with an engineering consulting company («the **Engineering Office**»). Pursuant to this agreement, the Engineering Office will provide engineering services for the Company's project located on the industrial land located in Al-Kharj Governorate, leased from MODON by its subsidiary, Laffan Pipe Company, Commercial Registration No. (1009047290), on which the Laffan Pipe Company project is located. The Engineering Office's services include designing and approving detailed project plans and designing and approving project safety plans. This is for an amount of SAR 52,000 (excluding value-added tax).

On 18/11/1445H (corresponding to 26/05/2024G), the Company concluded an engineering services contract (implementation supervision) with an engineering consulting company (the «**Engineering Office**»), whereby, pursuant to the agreement, the Engineering Office shall provide engineering services for the Company's project located on the industrial land located in Al-Kharj Governorate, leased from MODON by its subsidiary, Laffan Pipes Company, Commercial Registration No. (1009047290), on which the Laffan Pipes Company project is located. The Engineering Office shall review and study the approved plans, and ensure their compliance with the general requirements. It shall also review and scrutiny the contractor's contract and ensure its accuracy. It shall also review and approve the project schedule and follow up on its implementation phases for an amount of (SAR 10,350) (including value-added tax).

10-6 Major Clients of The Company

The table below shows the transactions and purchase orders concluded with the Company's major clients, during the period from 11/10/1443H (corresponding to 12/05/2022G) to 26/05/1446H (corresponding to 28/11/2024G), where the total value of these orders amounted to (51,352,217) Saudi Riyals:

Table No. (104) The Company's major clients

No	Contracting Party (Major Customer)	Subject of Contract/Purchase Order	Transaction Value	Date of Purchase Order/Contract
1	Client 1	Purchase order for the supply of Client No. 1. project located in Khamis Mushait.	SAR 1,795,265	23/11/1444H (corresponding to 12/06/2023G)
		Purchase order for Client No. 1 project located in Medina.	SAR 340,309	24/11/1444H (corresponding to 13/06/2023G)
2	Client 2	Purchase order for the supply of pipes and accessories for Client No.2.	SAR 17,945,622	29/12/1444H (corresponding to 17/07/2023G)
3	Client 3	Purchase order for the supply of pipes and accessories for Client No. 3 project located in Taif.	SAR 11,194,169	11/10/1443H (corresponding to 12/05/2022G)
4	Client 4	Purchase order for the supply of pipes to Al-Ajmi Group for Client No. 4 project.	SAR 1,174,092	01/01/1446H (corresponding to 07/07/2024G)

No	Contracting Party (Major Customer)	Subject of Contract/Purchase Order	Transaction Value	Date of Purchase Order/Contract
5	Client 5	Purchase order for the supply of pipes and accessories to Haif Contracting Company for Client No. 5 located in Riyadh.	SAR 460,081	11/03/1445H (corresponding to 26/09/2023G)
6	Client 6	Contract for the supply of pipes and accessories for client No. 6 for the fourth phase of the sewage network project in Dawadmi Governorate, managed by the National Water Company.	SAR 257,324	02/03/1445H (corresponding to 17/09/2023G)
		Contract for the supply of pipes and accessories client No. 6 for the fifth phase of the sewage network project in Dawadmi Governorate, managed by the National Water Company.	SAR 284,813	02/03/1445H (corresponding to 17/09/2023G)
7	Client 7	Purchase order for the supply of pipes and accessories for client No. 7 through the Saudi Kingdom for an infrastructure project located in Jeddah.	SAR 1,177,918	02/12/1444H (corresponding to 20/06/2023G)
		Purchase order for the supply of pipes and accessories for client No. 7 through the Saudi Kingdom for an infrastructure project located in Mecca.	SAR 3,852,153	15/05/1445H (corresponding to 29/11/2023G)
8	Client 8	Purchase order for the supply of pipes to client No. 8 for a sewage network project in the north of Abha.	SAR 4,467,685	26/05/1446H (corresponding to 28/11/2024G)
		A purchase to supply pipes to client No. 8 for the implementation of sewage networks in the Al-Shorouk project in Abha.	SAR 803,217	26/05/1446H (corresponding to 28/11/2024G)
		A purchase order to client No. 8 for the implementation of sewage sub-lines and house connections in various neighbourhoods in Al-Wadiain Center in the Asir region.	SAR 1,411,567	26/05/1446H (corresponding to 28/11/2024G)
		A purchase order to supply pipes to client No. 8 for the implementation of sewerage sub-lines in various neighbourhoods in Khamis Mushait.	SAR 910,685	26/05/1446H (corresponding to 28/11/2024G)
9	Client 9	A purchase order to supply pipes to client No. 9 for supply to the importing company in Belgium.	SAR 94,416	12/07/1445H (corresponding to 24/01/2024G)

No	Contracting Party (Major Customer)	Subject of Contract/Purchase Order	Transaction Value	Date of Purchase Order/Contract
10	Client 10	A purchase order to supply pipes and accessories to client No. 10 for the Sidra Project in Riyadh.	SAR 5,182,901	24/02/1446H (corresponding to 28/08/2024G)
Total			SAR 51,352,217	

Source: The Company

10-7 Transactions with Related Parties



According to the financial statements ending 31/12/2024G, and the semi-annual financial statements for the period ending 30/06/2025G, the Company has transactions with related parties consisting of meeting attendance fees, bonuses, salaries, and other benefits for board members, board committees, and senior management. The Company does not have any established commercial transactions with related parties.

10-8 Trademarks and Intellectual Property Rights

The Company and its subsidiary own trademarks used in their transactions, which have been registered with the Saudi Authority for Intellectual Property under Class (19), pertaining to non-metallic building and construction materials, including non-metallic steel pipes for construction, and other materials/services.

This registration will allow the Company and its subsidiary to display their name and trademark on their products and on the exterior of their buildings or offices, as they have secured the necessary legal protection under the Trademark Law.

Table No. (105) The Company's Trademark

Trademark Image	Trademark	Trademark Class	Owner	Registration Number	Registration Date	Protection Start Date	Protection End Date
	SVCP	19	Saudi Vitrified Clay Pipe Company	1440016675	28/06/1440H (corresponding to 05/03/2019G)	02/07/1440H (corresponding to 09/03/2019G)	02/07/1450H (corresponding to 19/11/2028G)
	SLF	19	The subsidiary, Saudi Land Factory for Cement Products (SLF).	1443013449	28/08/1443H (corresponding to 31/03/2022G)	14/04/1443H (corresponding to 19/11/2021G)	13/04/1453H (corresponding to 02/08/2031G).

Source: The Saudi Vitrified Clay Pipe Company

10-9 Insurance

The Company and its subsidiary have (10) insurance policies to mitigate some medical risks and preserve assets and properties. Below we provide details of the insurance policies, except for the medical insurance policy, in compliance with the confidentiality of information requirement:

Table No. (106) Summary of Insurance Documents

No	Insurance Company	Insured	Type of Insurance	Covered Amount	Total insurance cost	Policy expiration date
1	Insurance company*	Saudi Vitrified Clay Pipe Company	Medical Insurance	-	-	09/06/1447H (corresponding to 30/11/2025G)
2	Liva Insurance	Saudi Vitrified Clay Pipe Company.	Commercial Vehicle Insurance	SAR 10,000,000	SAR 33,315	11/07/1447H (corresponding to 31/12/2025G)
3	Liva Insurance	Saudi Vitrified Clay Pipe Company.	All-Risk Property Insurance	SAR 616,792,414	SAR 826,731	11/07/1447H (corresponding to 31/12/2025G)
4	Liva Insurance	Saudi Vitrified Clay Pipe Company.	Loss of Profit Insurance	SAR 35,100,000	SAR 47,045,41	21/07/1448H (corresponding to 31/12/2026G)
5	Liva Insurance	Saudi Vitrified Clay Pipe Company.	Group Personal Accident Insurance	SAR 4,500,000	SAR 18,556	11/07/1447H (corresponding to 31/12/2025G)
6	Liva Insurance	Saudi Vitrified Clay Pipe Company.	Group life insurance.	SAR 29,056,680	SAR 213,885	11/07/1447H (corresponding to 31/12/2025G)
7	Liva Insurance	Saudi Vitrified Clay Pipe Company.	Boiler and pressure vessel insurance.	SAR 800,000	SAR 3,704	11/07/1447H (corresponding to 31/12/2025G)
8	Liva Insurance	Saudi Vitrified Clay Pipe Company.	Public liability insurance.	SAR 1,000,000	SAR 4,024	11/07/1447H (corresponding to 31/12/2025G)
9	Liva Insurance	Saudi Vitrified Clay Pipe Company.	Cash insurance.	It varies depending on the case.	SAR 1,089	11/07/1447H (corresponding to 31/12/2025G)
10	Liva Insurance	Saudi Land Cement Products Plant Company (Commercial Registration No. 1011022606)	All-risk property insurance.	SAR 33,397,537	SAR 26,913	18/03/1448H (corresponding to 31/08/2026G)

Source: The Company

* The policy contains a confidentiality clause that requires that no information or data related to the document be disclosed to any third party.

10-10 Disputes and Lawsuits

As of the date of this Prospectus, the Company is not a party to any substantive dispute or lawsuit. It has three pending enforcement requests, and all necessary enforcement orders have been issued in this regard, awaiting compliance by the judgment debtors. The Company is also a party to four non-material cases, two of which have been adjudicated by the competent court and are no longer considered ongoing. Details of the cases and enforcement requests are as follows:

10-10-1 The First Case

The Company, as the plaintiff, filed a lawsuit against a contracting company regarding the sale and supply of an amount of (332,677) Saudi Riyals. The initial ruling was issued against the Company obligating it to pay the amount of (332,677) Saudi Riyals. The Company submitted its objection to the ruling, and the case is still pending before the Court of Appeal.

10-10-2 The Second Case

The Company, as the plaintiff, filed a lawsuit against a contracting company regarding the sale and supply of goods, demanding payment of (592,201) Saudi Riyals in addition to compensation of (30,000) Saudi Riyals. The Final judgement has been rendered, ordering the institution to pay the full value of the claim. An enforcement request will be submitted immediately by the company upon receipt of a copy of the judgment in its enforceable form.

10-10-3 First Enforcement Request

A final judgment was issued in favor of the Company against a contracting company for the amount of (833,475,072) Saudi Riyals. An enforcement request was submitted to the Dammam Enforcement Court, and the necessary enforcement orders have been issued. The Company is awaiting the judgment debtor's compliance. It should be noted that the contracting company is currently undergoing liquidation proceedings under the Bankruptcy Law.

10-10-4 Second Enforcement Request

A final judgment was issued in favor of the Company against a contracting company for the amount of (1,520,000) Saudi Riyals. An enforcement request was submitted to the Dammam Enforcement Court, and the necessary enforcement orders were issued. The Company has paid (100,000) Saudi Riyals of this amount and is awaiting payment of the remaining balance from the judgment debtor.

10-10-5 Third Enforcement Request

A final judgment was issued in favor of the Company against a contracting establishment for the amount of (362,677) Saudi Riyals. An enforcement request was submitted to the Enforcement Court, and the necessary enforcement orders were issued. The Company is awaiting payment of the remaining balance from the judgment debtor.

11

Underwriting

11- Underwriting

11-1 Underwriter

The Company and the Underwriter (Wasatah Capital Company) have entered into an underwriting agreement to underwrite the subscription of (8,000,000) eight million ordinary shares at an Offering Price of (10) ten Saudi Riyals per share, with a total value of (80,000,000) eighty million Saudi Riyals, representing (100%) of the Rights Issue Shares offered for subscription («**Underwriting Agreement**»).

11-2 Underwriter's name and address

Table No. (107) Underwriter

Underwriter	
Wasatah Financial Company (Wasatah Capital)	
Riyadh – Olaya Main Street, Al Muruj District	
Building No. 7459, Secondary No. 2207	
Postal Code 12283	
Kingdom of Saudi Arabia	
Tel: +966 11 494 4067	
Fax: +966 11 494 4205	
Website: www.wasatah.com.sa	
Email: info@wasatah.com.sa	
	
Number of Right Issue Shares	(8,000,000) Eight million ordinary shares
Share Price	Ten (10) Saudi Riyals
The Underwritten percentage of the gross profit	100%

11-3 Main Terms of the Underwriting Agreement

Subject to the terms and conditions of the Underwriting Agreement:

- 1- The Company undertakes to the Underwriter that on the Allocation Date, it will issue and allocate to the Underwriter all new underwritten shares that were not subscribed to by the Eligible Shareholders and investment Institutions during the Rump Offering Period, at the Offering Price.
- 2- The Underwriter undertakes to the Company that on the Allocation Date, it will purchase all of the underwritten shares, which were not subscribed to by the Eligible Shareholders and investment Institutions during the Rump Offering Period, at the Offering Price.
- 3- The Underwriter shall receive financial compensation for its commitment to underwrite the subscription, which will be paid from the Offering Proceeds.
- 4- The Underwriter's obligation to purchase all remaining shares is subject to provisions relating to the termination of the agreement, such as the occurrence of any force majeure as defined in the agreement, or the failure to meet a number of preconditions in relation to the subscription.
- 5- The Company provides a number of warranties, acknowledgments, and undertakings to the Underwriters.



12

Waivers

12- Waivers

The Company did not submit and request to be excepted from any requirements relating to the Rules on Offering and Continuing Obligations.



13

**Information
Relating to the Shares
and Offering Terms
and Conditions**

13- Information Relating to the Shares and Offering Terms and Conditions

The Company filed an application with the Capital Market Authority for the registration and Offering of the New Shares to and to the Saudi Stock Exchange Group (Tadawul) to list the New Shares. All requirements were fulfilled in accordance with the Rules on Offer of Securities and Continuing Obligations and Listing Rules

All Eligible Shareholders and the persons who purchased the Rights and the bidders must very carefully read the information related to the shares and the Subscription Terms and Condition before subscribing electronically or submitting the subscription application through the broker or filling out the Rump Offering form. Submission of the Subscription Application or signature and Submission of the Rump Offering form constitutes approval and acceptance of the aforementioned terms and conditions

13-1 The Offering

The Offering is a capital increase through a Rights Issue totalling. The subscription is represented by offering (8,000,000) eight million ordinary shares at an offering price of (10) ten Saudi Riyals per share, with a nominal value of (10) ten Saudi Riyals per share, and a nominal offering value of (80,000,000) eighty million Saudi Riyals. The total offering value is (80,000,000) eighty million Saudi Riyals, in order to increase the Company's capital from (150,000,000) one hundred and fifty million Saudi Riyals to (230,000,000) two hundred and thirty million Saudi Riyals divided into (23,000,000) twenty-three million Ordinary Shares.

13-1-1 How to Apply for Subscription to the Rights (New Shares)

Registered Shareholders wishing to subscribe to the Rights Issue Shares must submit the subscription application during the Subscription Period through an investment portfolio at Tadawul platforms through which the sale and purchase orders are entered. Subscription applications may be made through any other means provided by the broker and the shares Custodian in the Kingdom during the Subscription Period. This is provided that the Eligible Person has an investment account with one of the brokers that provide these services, that the Eligible Person's data is up-to-date, and that no changes have occurred to the eligible person's data or information (such as the deletion or addition of a family member) since subscribing to a recent offering, unless these amendments have been communicated to the brokers and approved by them. In case that there is a Rump Offering Period, subscription applications could be submitted for any remaining shares by Investment Institutions only.

By participating in the Subscription, the Subscriber acknowledges the following:

- Agrees to subscribe for the number of New Shares as stated in the Subscription Application Form.
- Warrants that he/she has carefully read the Prospectus and understood all its contents.
- Accepts the By-Laws of the Company and the terms and conditions mentioned in the Prospectus.
- Declares that he/she has not previously subscribed applied to subscribe for the same shares in this offering through the broker, and that the Company has the right to reject all applications in the event of duplicate subscription requests.
- Accepts the number of shares allocated to him/her and all other subscription instructions and terms mentioned in the Prospectus and the Subscription Application Form.
- Warrants not to cancel or amend the Subscription Application Form after submission to the broker.

Registered Shareholders will be able to trade the Rights deposited in their portfolios through the Tadawul system. These Rights are considered an acquired right for all shareholders registered in the Company's Shareholders' Register at the Depository Center at the end of the second trading day following the day of the EGM for the capital increase (the «**Eligibility Date**»). Each Right entitles its holder to subscribe for one new share at the Offering Price. The Rights will be deposited 2 working days maximum after the EGM for the capital increase is held. The Rights will appear in the portfolios of Registered Shareholders under a new Rights symbol, and Registered Shareholders will then be notified of the deposit of the Rights in their portfolios.

The timeline for the sequence and details of the rights issue will be as follows:

- 1- **Eligibility Date:** End of trading on the day of the Extraordinary General Assembly meeting regarding the capital increase, on ****/**/****H** (corresponding to ****/**/****G**).
- 2- **Trading and Subscription Period:** The trading and subscription period will commence three working days after the Extraordinary General Assembly meeting regarding the capital increase approves the rights issue on ****/**/****H** (corresponding to ****/**/****G**). Trading will conclude on ****/**/****H** (corresponding to ****/**/****G**), and the subscription period will continue until the end of ****/**/****H** (corresponding to ****/**/****G**). It is worth noting that trading hours for the rights issue will be from 10:00 AM to 3:00 PM, while the subscription hours will be from 10:00 AM to 2:00 PM.
- 3- The Rump Offering period will begin from 10:00 AM on ****/**/****H** (corresponding to ****/**/****G**) and continues until 5:00 PM on ****/**/****H** (corresponding to ****/**/****G**). During this period, the remaining shares will be offered to a number of institutional investors (referred to as «**investment institutions**»). These institutions will submit bids to purchase the remaining shares. The remaining shares will be allocated to the investment institutions with the highest bids, then to the next highest bids (provided that the bid is not less than the Offering Price) where the shares will be allocated proportionally to investment institutions submitting the same bid. Fractional shares will be added to the Rump Shares and treated similarly. The subscription price for new shares not subscribed to during this period will be at least the offering price. If the price of the unsubscribed shares is higher than the offering price, the difference (if any) will be distributed as compensation to holders of Right Issue Shares rights who did not subscribe to their rights and to holders of fractional shares in proportion to their respective rights holdings. If any shares remain unsubscribed by investment institutions, these shares will be allocated to the underwriter, who will purchase them at the offering price. Eligible individuals who did not participate in the subscription will not receive any compensation for their Right Issue Shares to the new shares that they did not exercise.
- 4- **Final Share Allocation:** Shares will be allocated to each investor based on the number of rights they were fully and correctly exercised. For fractional shares, these fractions will be aggregated and offered to investment institutions during the Rump Offering Period. The total offering price of the remaining shares will be paid to the Company, and the remaining proceeds from the sale of the remaining shares and fractional shares (exceeding the Offering Price) will be distributed to eligible individuals according to their respective entitlements by no later than ****/**/****H** (corresponding to ****/**/****G**).
- 5- **Trading of new shares in the market:** Trading of the shares offered for subscription will begin in the (Tadawul) system upon completion of all procedures related to the registration and allocation of the shares offered. The period between the end of the subscription to rights and the deposit of shares in shareholders' portfolios will be nine (9) working days.

13-1-2 Subscription Application

Eligible Person wishing to exercise his/her full Rights and subscribe for all the Rights to which he/she is entitled, must subscribe through the investment portfolio at the Trading Platforms through which buying and selling orders are entered or through any other means provided by the broker and the Custodian of shares.

The number of shares that the Eligible Person is entitled to subscribe for is calculated according to the number of Rights he/she owns. As for the subscription amount that the subscriber is required to pay, it is calculated by multiplying the number of existing tradable Rights that he owns before the end of the Subscription Period by (10) ten Saudi Riyals.

13-1-3 Trading and Subscription Stage and Rump Offering Period

Eligible Shareholders who wish to subscribe to the Rights must submit a subscription application during the Subscription Period which begins three (3) working days after the approval of the Extraordinary General Assembly, which includes approval of the capital increase, on ****/**/****H** (corresponding to ****/**/****G**) and ends on ****/**/****H** (corresponding to ****/**/****G**), during the period from ten o'clock (10:00) in the morning until two o'clock (2:00) in the afternoon.

Eligible shareholders who wish to trade in rights must submit a trading request during the Trading Period, which begins on ****/**/****H** (corresponding to ****/**/****G**) and ends on ****/**/****H** (corresponding to ****/**/****G**) during the period from ten o'clock (10:00) in the morning until three o'clock (3:00) in the afternoon.

The Extraordinary General Assembly held on **/**/****H (corresponding to **/**/****G) approved the recommendation of the Board of Directors to increase the Company's capital through a Rights Issue. Pursuant to this Prospectus, eight million (8,000,000) ordinary shares will be offered for subscription in rights, representing 53.3% of the Company's capital before the subscription, at an Offering Price of (10) ten Saudi Riyals per share, with a nominal value of (10) ten Saudi Riyals per share, and a total offering value of (80,000,000) eighty million Saudi Riyals. The New Shares will be issued at a rate of one share for each right. Accordingly, the Company's capital will increase after the completion of the subscription process from (150,000,000) one hundred and fifty million Saudi Riyals to (230,000,000) two hundred and thirty million Saudi Riyals, divided into (23,000,000) twenty-three million ordinary shares, i.e. an increase of 53.3% of the Company's current capital before the increase.

Subscription to the Rights will be offered to the shareholders registered in the shareholders' register of the Company at the end of the second trading day following the Extraordinary General Assembly on **/**/****H (corresponding to **/**/****G) and to the Eligible Persons who have purchased Rights during the Rights Issue Subscriptions Period, including the Registered Shareholders who have purchased additional Rights in addition to the Rights they originally owned.

If the Rights of the Eligible Persons are not exercised by the end of the Subscription Period, then the remaining shares (as a result of inability to exercise those Rights or being sold by the Eligible Persons and fractional shares) will be offered to the investment institutions during the Rump Offering Period.

The Registered Shareholders will be able to trade the Rights that have been deposited in their portfolios through the Saudi Stock Exchange (Tadawul). These Rights are considered as acquired right for all shareholders recorded in the Company's Register at the end of the second trading day following the EGM that approved the capital increase. Each Right gives its holder the right to subscribe for one New Share, at the Offering Price. Rights will be deposited 2 working days maximum after the EGM convened to approve the capital increase. The Rights will appear in the Registered Shareholders' portfolios under a new code for the Rights, and the Registered Shareholders will then be notified of depositing the Rights in their portfolios.

The timeline and breakdown of the rights issue offering process are as follows:

- 1- **Eligibility Date:** End of trading session on the day of the Extraordinary General Assembly convened to approve the capital increase on *** **/**/****H (corresponding to **/**/****G).
- 2- **Trading Period and Subscription Period:** Trading Period and Subscription Period commence three working days after the approval of the Extraordinary General Assembly Meeting's approval of the capital increase on *** **/**/****H (corresponding to **/**/****G) provided that the Trading Period ends on *** **/**/****H (corresponding to **/**/****G), and the Subscription Period continues until the end of *** **/**/****H (corresponding to **/**/****G). It is worth noting that the trading hours for the Rights start from ten (10:00) in the morning until three (3:00) in the afternoon, while the subscription hours for the Rights start from ten (10:00) in the morning until two (2:00) in the afternoon.
- 3- **Rump Offering Period:** Starts at ten o'clock in the morning of *** **/**/****H (corresponding to **/**/****G) and continues until five o'clock in the evening of the next day on *** **/**/****H (corresponding to **/**/****G). During this period, the remaining shares will be offered to a number of Institution Investors, (Institutional Investors») provided that those investment institutions submit offers to buy the remaining shares during the Rump Offering Period. Rump Shares will be allocated to the Investment Institutions with the highest bids first, then the lowest and the lowest (provided that it shall not fall below the Offering Price). The Rump shares shall be allocated on a pro rata basis to the Investment Institutions that offer the same price. As for the fractional shares, they will be added to the remaining shares and treated similarly. The subscription price for the New Shares that were not subscribed to during this period will be at the minimum Offering Price. If the price of the unsubscribed shares is higher than the Offering Price, the difference (if any) shall be distributed as compensation to the Right holders who did not subscribe to their Rights and the holders of fractional shares in a proportion of their owned Rights. If there are any shares not purchased by institutional investors, they will be allocated to the underwriter, who will purchase them at the offering price. Eligible persons who did not participate in the subscription will not receive any compensation for the rights related to the new shares that they did not exercise.
- 4- **Final allocation of shares:** The shares will be allocated to each investor based on the number of Rights that they have fully and properly exercised. The total amount of the Offering resulting from the Rump Offering process will be paid to the

Company. The rest of the proceeds from the sale of the remaining shares and fractions of shares shall be distributed without calculating any fees or deductions (in excess of the Offering Price) to its beneficiaries, each according to what he is entitled to, no later than on ****/**/****H** (corresponding to ****/**/****G**).

- 5- **Trading of New Shares in the Market:** Trading of shares offered for subscription in the (Tadawul) system will begin upon completion of all procedures related to the registration and allocation of the New Shares. The time period between the end of the subscription for the rights issue and the deposit of shares into the shareholders' portfolios will be nine (9) working days.

The Company has submitted a request to the Capital Market Authority to register and offer the New Shares, and the Company has also submitted an application to the Saudi Stock Exchange Group (Tadawul) to admit its listing.

13-1-4 Eligible Persons not Participating in the Subscription to the New Shares

Registered Shareholders who do not participate, in whole or in part, in the subscription for the New Shares will be subject to losses and a reduction in their ownership percentage in the Company, in addition to a reduction in the value of the shares they currently own, while Registered Shareholders who do not exercise their subscription rights will retain the same number of shares they owned before the capital increase.

Eligible Persons who are not participating in the subscription for the New Shares will not receive any benefits or advantages in exchange for the Rights Shares due to them, except for cash compensation from the proceeds of the sale of shares in the Rump Offering, each according to his or her entitlement. It is worth noting here that if Institutional Investors apply to purchase the remaining shares at the Offering Price only, or if these Institutional Investors do not subscribe to the Rump Offering and the Underwriter subsequently purchases the remaining Shares at the Offering Price, Eligible Persons who are not participating in the subscription will not receive any compensation for the Rights in the New Shares that they did not exercise.

If the remaining shares are sold to Institutional Investors at a price higher than the Offering Price, the compensation amount for Eligible Persons who did not participate in the subscription to the New Shares, in whole or in part, will be determined according to the following equation:

$$\text{Compensation amount for each unsubscribed share} = \frac{\text{Total Rump Offering Proceeds} - \text{Total Rump Offering Price}}{\text{Number of Unsubscribed Shares}}$$

13-1-5 Allocation and Refund

The Company and the Lead Manager will open an Escrow Account into which the Offering Proceeds will be deposited

Shares will be allocated to Eligible Persons based on the number of Rights they have exercised fully and correctly. As for those eligible for fractional shares, the fractional shares will be collected and offered to investment institutions during the Rump Offering Period. The total price of the offer of the remaining shares will be paid to the Company, and the rest of the proceeds from the sale of the remaining shares and fractions of shares (in excess of the Offering Price) will be distributed to those entitled to them, each according to what he/she is entitled to, no later than ****/**/****H** (corresponding to ****/**/****G**). In the event that shares remain unsubscribed to after that, the Underwriters will purchase such remaining New Shares and they will be allocated to it at the Offering Price of (10) ten Saudi Riyals per share, and the total Offering Price of those shares will be paid to the Company, and there will be no compensation for investors who did not subscribe or did not sell their rights, and owners of fractional shares during the Rump Offering period.

It is expected to announce the final number of shares that have been allocated to each Eligible Person without any commissions or deductions by the Lead Manager by crediting them to the subscribers' accounts. For more information, Eligible Persons should contact the broker through which the subscription application was submitted. The allocation results will be announced no later than ****/**/****H** (corresponding to ****/**/****G**).

The compensation and surplus amount refund will be paid by the company (which is all Rump Offering Proceeds resulting from the Offering and which exceed the Offering Price) to the Eligible Persons who did not participate in the subscription to the Rights

Issue Shares, in whole or in part, and to the persons entitled to fractional shares (if any), without any commissions or deductions, no later than the day **/**/****H (corresponding to **/**/****G). The amounts will be deposited into the bank accounts linked to the portfolios of the Eligible Persons who did not exercise their right to subscribe to the New Shares and those entitled to fractional shares.

13-1-6 Supplementary Prospectus

The Company shall submit to the Authority a Supplementary Prospectus, in accordance with the requirements of subparagraph (a) of Article Twenty-Nine (29) of the Rules on the Offer of Securities and Continuing Obligations, if the Company becomes aware at any time after the date of publication of this Prospectus and before the completion of the offering of any of the following:

- The existence of a significant change in material matters mentioned in this Prospectus.
- Any important issues have emerged that should have been included in this Prospectus.

The investor who subscribed for the New Shares prior to the publication of the Supplementary Prospectus may cancel or amend his subscription for these shares before the end of the Offering Period.

13-1-7 Suspension or cancellation of the Offering

The Capital Market Authority may at any time issue a decision to suspend or cancel the Offering if it deems that the Offering may result in a breach of the Capital Market Law, its Implementing Regulations, or the market rules. In addition, the Offering will be cancelled if the Extraordinary General Assembly does not approve any of the details of the Offering.

13-1-8 Restrictions on Trading in Rights

Except for regulatory restrictions imposed on publicly listed shares, there are no restrictions on the trading of the Rights.

13-1-9 FAQs about the Rights Issue

What is a Rights Issue?

Rights are tradable securities that give their holders the right to subscribe to the New Shares offered upon approval of the capital increase. They are acquired Rights for all Registered Shareholder who own shares on the day of the EGM meeting for the capital increase and who are registered in the Company's Shareholders Register at the Depository Center at the end of the second trading day following the Extraordinary General Assembly. Each Right grants its holder eligibility to subscribe to one New Share at the Offering Price.

To whom Rights are granted?

Rights are granted to all Registered Shareholder in the Company's Register at the Depository Center as at the close of the second trading day after the date of the EGM to increase the capital increase, which is known as the Eligibility Date.

Who is the Restricted Shareholder?

Any shareholder who appears in the Company's shareholders register at the end of the second trading day after the Extraordinary General Assembly for capital increase.

Are holders of shares certificates entitled to subscribe and trade shares?

Yes, shareholders are entitled to subscribe, but they will not be able to trade until the shares are deposited into electronic investment portfolios through brokers or the Securities Depository Center Company («**Depository Center**»), and the necessary documents are submitted before the end of the subscription period.

Is it possible to subscribe more than once and through more than one broker?

Yes, this is possible. However, the number of new shares available for subscription through each broker will depend on the number of rights available in the relevant broker's investment portfolio. In any case, the number of shares subscribed for must not exceed the number of rights held at the end of the rights trading period. Any increase in the number of shares subscribed for beyond the number of rights held at the end of the rights trading period will result in the cancellation of the subscription request.

If the new shares are subscribed for and the rights are subsequently sold, what happens in this case?

If a registered shareholder subscribes and then sells priority rights, and the number of priority rights equal to the number of rights subscribed for is not purchased before the end of the trading period, the subscription request will be rejected entirely if all rights are sold, or partially if the amount of rights sold is equal to the number of rights sold. The subscription amount will be notified and returned to the registered shareholder through the broker.

When are the Rights deposited?

Following the Extraordinary General Meeting and its approval to increase the capital through a Rights Issue, the Rights shall be deposited as securities in the portfolios of the Company's Shareholders Register at the Securities Depository Center by the end of the second trading day after the Extraordinary General Meeting. The New Rights appear in their portfolios under a new code for the Rights. Such Rights will be allowed to be traded or subscribed only at the beginning of the Trading and Subscription Periods.

How are Investors in the Rights notified of the Rights being deposited in their portfolios?

Investors will be notified through an announcement on the Tadawul website and through Tadawulaty Service provided by the Depository Center and SMS's sent through intermediaries/brokers.

How many Rights can be acquired by a Registered Shareholder?

The number of Rights to be acquired by a Registered Shareholder is based on each shareholder's ownership percentage in the share capital, as recorded in the Company's shareholders register at the Depository Center as at the close of the second trading day after the EGM.

What is the Rights Issue eligibility factor?

It is the coefficient through which registered shareholders can know the number of Rights due to them for the shares they own according to the Company's Shareholders' Register at the Depository Center at the end of the second trading day after the Extraordinary General Assembly is held. This coefficient is calculated by dividing the number of New Shares by the number of current shares of the Company. Accordingly, the Eligibility Factor is approximately (0.5333) Right for each (1) share owned by the registered shareholder on the Eligibility Date, rounded to the nearest whole number. Accordingly, if a registered shareholder owns (1,000) one thousand shares on the Eligibility Date, he/she will be allocated (533) rights for the shares he owns.

Will the name and symbol of trading these rights differ from the name and symbol of the Company's shares?

Yes, as the acquired right will be added to the investors' portfolios under the name of the original share, and by adding the word priority rights, in addition to a new symbol for these rights.

What is the Right value upon commencement of trading?

The Right opening price is the difference between the share closing price on the day preceding the Right listing, and the Offering Price (Indicative Value of the Right). For example, (using virtual prices) if the closing price of a share on the preceding day is (30) thirty Saudi Riyals and the Offering Price is (10) ten Saudi Riyals, the opening price of the Rights will be (20) twenty Saudi Riyals.

Can Registered Shareholder subscribe for additional shares?

Yes, Registered Shareholder can subscribe for additional shares by purchasing new Rights during the Trading Period.

Is it possible for a Registered Shareholder to lose his eligibility to subscribe even if he has the right to attend the EGM and vote on increasing the capital through a Rights Issue?

Yes, the Shareholder loses his eligibility to subscribe if he sells his shares on the day of the Extraordinary General Meeting or one working day before it.

How does the subscription take place?

Subscription Applications are submitted through the investment portfolio in the trading platforms through which the buy and sell orders are entered, in addition to the possibility of subscribing through any other means provided by the brokers and custodian.

Can an Eligible Person subscribe to more shares than the Rights owned by him/her?

An Eligible Person cannot subscribe to more shares than the Rights owned by him/her.

If Company shares are acquired through more than one investment portfolio, in which portfolio will the Rights be deposited?

Rights will be deposited in the same portfolio in which the Company's shares linked to the rights are deposited. For example, if a shareholder owns (1,000) one thousand shares in the Company, distributed as follows: (800) eight hundred shares in Portfolio (A) and (200) two hundred shares in Portfolio (B), the total Rights to be deposited will be (533) rights, given that each share has approximately (0.5333) Rights. Therefore, (427) Rights will be deposited in Portfolio (A) and (106) Rights in Portfolio (B). In the event of fractional shares, these fractions will be totalled, and if they complete one or more whole numbers, the whole number will be added to the portfolio in which the investor owns the largest amount of rights.

If the subscription is through more than one portfolio, where will the New Shares be deposited after allocation?

Shares will be deposited in the investment portfolio in which the Rights are deposited.

Is it permissible for those who have purchased additional rights to trade them again?

Yes, they are only permitted to sell them and purchase additional rights during the trading period.

Is it possible to sell a portion of these rights?

Yes, the investor may sell a portion of these rights and subscribe for the remaining portion.

When can a shareholder subscribe to the Rights he/she purchased during the trading period?

Any time during the Subscription Period, i.e. until the ninth (9) day from the date of approval by the Extraordinary General Assembly, after settling the purchase of Rights (two business days).

Can a holder of Rights sell or assign them after expiry of the Trading Period?

That is not possible. After the expiry of the Trading Period, holder of the Rights may only exercise the right to subscribe for the Rights or not. In case the Right is not exercised, the investor may be subject to loss or decrease in the value of his investment portfolio.

What happens to the Rights that are not sold or subscribed for during the Trading and Subscription Period?

If all New Shares are not subscribed for during the Subscription Period, the remaining New Shares will be offered for subscription by the Lead Manager. The compensation value (if any) will be calculated for the Rights holder after deducting the subscription value. Note that the investor may not receive any compensation if the remaining shares are sold during the Offering Period at the Offering Price.

Who has the right to attend the Extraordinary General Assembly and vote on increasing the Share Capital through a Rights Issue?

A shareholder registered in the Company's Shareholders' Register at the Depository Center at the end of the trading day on the day of the Extraordinary General Assembly for the capital increase shall have the right to attend the EGM and vote on increasing the Issuer's capital by offering Rights Issue Shares.

When will the share price be adjusted as a result of the Company's capital increase through a Rights Issue?

The share price will be adjusted by the market before the start of trading on the day following the day of the Extraordinary General Assembly.

If an investor buys securities on the EGM day, will he/she be eligible for the Rights resulting from the increase of the Issuer's Capital?

Yes, as the investor will be registered in the Company Shareholders Register (two business days) after the date of the purchase of shares (i.e., at the end of the second trading day following the day of the EGM), bearing in mind that Rights will be granted to all shareholders registered in the Company Shareholders Register at the end of trading session on the second trading day following the date of the EGM. However, he/she may not attend or vote in the EGM for the capital increase.

If an investor has more than one portfolio with more than one Brokerage Company, how will his/her Rights be calculated?

The investor's shares will be distributed to the portfolios owned by him/her, according to the percentage of ownership in each portfolio. In the event of share fractions, these fractions will be aggregated. If the outcome is an integer or more, the integer number will be added to the portfolio in which the investor has the largest number of Rights.

What are Trading and Subscription Periods?

Trading and subscription of Rights shall commence simultaneously after (3) three business days from the approval of the Extraordinary General Assembly to increase the capital, until the end of trading on the sixth (6) day, while subscription shall continue until the ninth (9) day, according to what is stated in this Prospectus and the Company's announcements.

Is it possible to subscribe during the weekend?

Yes, you can subscribe during the weekend, as the subscription process is conducted electronically throughout the subscription period.

Can non-Registered Shareholder on the day of the EGM subscribe for the Rights?

Yes, after completing the purchase of the Rights during the Trading Period.

Will there be any additional fees added to Rights trading?

The same commissions will be applied to buy and sell transactions as for stocks, but there is no minimum or maximum commission amount.

Further Assistance:

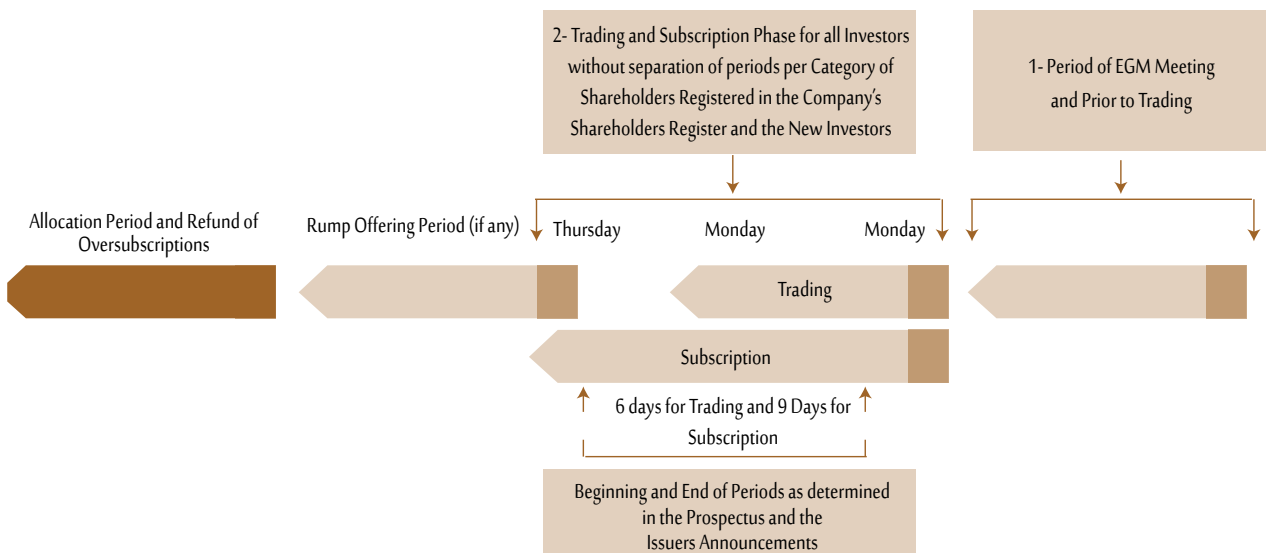
- In the event of any inquiries, please contact the Company on the e-mail (svcp@svcp-sa.com) and for legal reasons, the Company will only be able to provide the information contained in this Prospectus and will not be able to provide advice on the merits of issuing rights or even provide financial, tax, legal or investment advice.
- For more information on the terms, conditions and subscription instructions, please see Section 13 «**Information Related to the Shares and the Offering Terms and Conditions**» of this Prospectus.

13-1-10 Trading of the New Shares

Trading of the New Shares will commence upon completion of all relevant procedures, expected to be after the allocation of the New Shares. The commencement of trading will be announced at a later date.

13-1-11 Illustration of the modified mechanism for trading and subscription of traded rights

Figure No. (3): The mechanism for trading and subscription of traded rights



13-2 Decisions and approvals according to which shares will be offered

13-2-1 Recommendation of the Company's Board of Directors to increase the Company's capital

The Company's Board of Directors, in its meeting held on 02/02/1446H (corresponding to 06/08/2024G), recommended increasing the Company's capital through a Rights Issue at a value of (80,000,000) eighty million Saudi Riyals, representing an increase in the Company's capital by (53.33%).

13-2-2 Approval of the Capital Market Authority on the Company's request to increase its capital through a rights issuance

On 14/10/1447H (corresponding to 02/04/2026G), the Company obtained approval of the Capital Market Authority on the Company's request to increase its capital by issuing rights shares.

13-2-3 Tadawul Group approves the Company's request to list Rights Issue Shares

On 02/02/1447H (corresponding to 27/07/2025G), the Company obtained the approval of Tadawul Group for the Company's request to list the Rights Issue Shares.

13-2-4 Approval of the Extraordinary General Assembly to increase the Company's capital

The approval of the Extraordinary General Assembly of the Company's shareholders held on **/**/****H (corresponding to **/**/****G) to increase the Company's capital through issuing Rights Issue Shares. The subscription consists of offering (8,000,000) eight million ordinary shares at an Offering Price of (10) ten Saudi Riyals per share, with a nominal value of (10) ten Saudi Riyals per share, and a nominal offering value of (80,000,000) eighty million Saudi Riyals, with the total offering value being (80,000,000) eighty million Saudi Riyals, in order to increase the Company's capital from (150,000,000) one hundred and fifty million Saudi Riyals to (230,000,000) two hundred and thirty million Saudi Riyals divided into (23,000,000) twenty-three million ordinary shares.

13-3 Miscellaneous items

- The Subscription Application and all related terms, conditions, and undertakings are binding on and for the benefit of the parties to the Subscription Application, their successors in title to this Prospectus, their assigns, executors, administrators of estates, and heirs. Provided that, except as provided in this Prospectus, the Subscription Application or any rights, interests, or obligations arising therefrom may not be assigned or delegated to any of the parties referred to in this Prospectus without the prior written consent of the other party.
- These instructions and terms, and any receipt of Subscription Application Forms or contracts arising therefrom, shall be subject to and construed in accordance with the laws of the Kingdom of Saudi Arabia
- This Prospectus may be distributed in both Arabic and English. In the event of any discrepancy between the Arabic and English texts, the Arabic text of the Prospectus shall prevail.
- The Capital Market Authority may, at any time, issue a decision to suspend the Offering if it deems that the Offering may result in a violation of the Capital Market Law, its Implementing Regulations, or market rules. The Offering may also be cancelled if the Extraordinary General Assembly does not approve any of the Offering details. According to Article (29) of the Rules on the Offer of Securities and Continuing Obligations, a company must submit a supplementary prospectus to the Authority if it becomes aware, at any time after the date of publication of the prospectus and before the completion of the offering, of: (1) a significant change in material matters contained in the prospectus; or (2) any significant matters that should have been included in this Prospectus have emerged. In both cases, the Company is obligated to submit a supplementary prospectus to the Authority in accordance with the requirements of the Rules on the Offer of Securities and Continuing Obligations. The Supplementary Prospectus will then be issued and the new subscription dates will be announced.
- Additional Assistance: In the event of any inquiries, please contact the Company via email at svcp@svcp-sa.com. For legal reasons, the Company will only be able to provide the information contained in this Prospectus and will not be able to provide advice on the substantive basis of the Rights Issue or provide financial, tax, legal or investment advice.

13-3-1 Approval of the Saudi Tadawul Group on the request to list the New Shares

On 02/02/1447H (corresponding to 27/07/2025G), the Saudi Tadawul Group approved the application for listing the New Shares.

13-4 Statement of any arrangements in place to prevent disposal of certain Shares

There are no arrangements in place to prevent disposal of any shares.



14

Changes in the Share Price

14- Changes in the Share Price

The closing price of the Company's share on the day of the EGM convened to approve the capital increase is (***) Saudi Riyals, and it is expected to reach (***) Saudi Riyals at the opening of the following day. This change represents a decrease of (***)%.

In the event that none of the shareholders appear in the Company's Shareholders Register at the Depository Center subscribed to at the end of the second trading day following the date of the Extraordinary General Assembly convened to approve the capital increase, this will lead to a decreasing their ownership percentage in the Company.

14-1 Method of calculating the share price as a result of the capital increase

The share price is calculated as a result of the capital increase according to the following stages:

First: Calculating the market value of the Company upon closing on the day of the EGM relating to capital increase

Number of shares at the end of the day of the EGM for the capital increase × the closing price of the Company's share on the day of the EGM for the capital increase = the market value of the Company at the close on the day of the EGM for the capital increase.

Second: Calculating the share price at the opening of the day that follows the day of the EGM relating to capital Increase

(The Company's market value at the close of business on the day of the EGM for capital increase + the value of the shares offered) / (the number of shares at the end of the day of the EGM to increase capital + the number of shares offered for subscription) = the expected share price at the opening of the day following the day of the EGM to increase capital.



15

Covenants Relating to the Subscription

15- Covenants Relating to the Subscription

It is possible to subscribe using the trading platforms or through any other means provided by the broker to the investors. The New Shares will be subscribed to in one stage, according to the following:

- During this period, all Registered Shareholder and New Investors will be able to subscribe to the New Shares.
- The Registered Shareholder will be able to subscribe directly to the number of his shares or less than them during the Subscription Period, and if he acquires new Rights, he will be able to subscribe to them after the end of its settlement period (two working days).
- New Investors will be able to subscribe to the New Shares directly after the Rights purchase is settled (two working days).
- Subscription will be made available electronically through the investment portfolio in trading platforms and applications through which buy and sell orders are entered, in addition to subscribing through other channels and means made available by the broker, Provided that the subscription will only be approved for a number of New Shares entitled under the rights existing in the investment portfolio.

Each Right gives its holder the right to subscribe to one new share, at the Offering Price. The subscriber to the New Shares declares the following:

- He/she accepts all the subscription terms and conditions stated in this Prospectus.
- He/she has read this Prospectus and all its contents carefully and understood its content.
- His/her acceptance of the Company By-Laws.
- He/she undertakes not to cancel or amend the subscription application after its submission.

15-1 Allocation

The Rights will be allocated to Eligible Persons based on the number of Rights they have exercised fully and correctly. As for those entitled to fractional shares, fractions of shares will be collected and added to the remaining shares that were not subscribed to and offered to the Investment Institutions during the Rump Offering Period, and the total price of the Rump Shares will be paid to the Company. The remaining proceeds from the sale of the remaining shares and fractions of shares (if any) (exceeding the Offering Price) shall be distributed to the entitled persons without accounting for any fees or deductions, each according to what he is entitled to, no later than **/**/****H (corresponding to **/**/****G). In the event that shares remain unsubscribed after that, the Underwriters will purchase those remaining New Shares and they will be allocated to it. There will be no compensation for investors who did not subscribe or did not sell their Rights, and to those who owned fractional shares during the Rump Offering Period.

Eligible Persons should contact the broker through which they were subscribed to obtain any additional information. The allocation results will be announced no later than **/**/****H (corresponding to **/**/****G).

15-2 Saudi Stock Exchange (Tadawul)

On 25/08/1442H (corresponding to 07/04/2021G), the Saudi Stock Exchange announced its transformation into a holding company called the Saudi Tadawul Group. The new structure supports the future development of the Saudi financial market, ensures its continued growth, and is another step towards the group's readiness for an initial public offering (IPO) in 2021G. The Saudi Tadawul Group includes four (4) subsidiaries: Saudi Exchange as a stock exchange, the Securities Clearing Center Company (Muqassa), the Securities Depository Center Company (Edaa), and Wamid, a company specializing in innovation-based technology services and solutions. The group thus benefits from the integration of its subsidiaries' services and joint businesses, noting that the independence of the subsidiaries will provide a flexible and innovative work environment to keep pace with rapid developments in global markets.

Stock trading in the Kingdom began fully electronically in 1990G. The Tadawul system was established in 2001G as an alternative to the Securities Information System. Shares are traded through the «Tadawul» system using an integrated mechanism that covers the

entire trading process, from transaction execution to settlement. Trading occurs every weekday, from Sunday to Thursday, during a single period from 10:00 a.m. to 3:00 p.m., during which orders are executed. Outside of these times, orders may be entered, modified, and cancelled from 9:30 a.m. to 10:00 a.m. Trading hours change during the holy month of Ramadan, as announced by Tadawul.

Trades are executed through an automated order matching process. Each valid order is generated based on the price level. Generally, market orders (orders placed based on the best price) are executed first, followed by limit orders (orders placed at a specific price). If multiple orders are entered at the same price, they are executed in sequence according to the entry time. The Tadawul system distributes a comprehensive range of information through various channels, most notably the «Tadawul» website and the «Tadawul» Information Web Link, which provides real-time market data to information providers such as Reuters. Trades are settled on a timescale (T+2), meaning that share ownership is transferred (two business days) after the transaction is executed.

Listed companies are committed to disclosing all important decisions and material information to investors through «Tadawul». As the operator of the market's operating mechanism, Tadawul is responsible for monitoring the market, ensuring fair trading and smooth stock trading operations.

15-3 Trading of the Company Shares on the Saudi Stock Exchange

An application was filed with the Authority to register and offer the rights shares in the Saudi stock Exchange, and to the stock market (Tadawul) to list them. The Company's request to increase its capital by issuing Rights was approved, and all requirements were met. It is expected that the registration and start of trading in the rights issue shares in the Saudi stock Exchange will be approved after the final allocation of the rights issue shares is completed. This will be announced in due course on the Tadawul website. The dates mentioned in this Prospectus are tentative and may be changed with the approval of the Capital Market Authority.

Although the existing shares are listed on the Saudi Stock Exchange «Tadawul», the New Shares can only be traded after their final allocation to the Subscribers and depositing them in the subscribers' Portfolios. Trading in the New Shares is strictly prohibited before that.

Subscribers and bidders in the Rump Offering who engage in prohibited trading activities shall bear full liability for them and the Company shall not be liable in such a case.



16

**Documents Available
for Inspection**

16- Documents Available for Inspection

The following documents will be available for inspection at the Company's headquarters located in the «**Sitteen**» Aqaria Building – Salah Al-Din Al-Ayyubi Road, Al-Zahraa District, Riyadh, Kingdom of Saudi Arabia, during official working hours between nine (9) a.m. and five (5) p.m. , starting 14 days prior to the date of the Extraordinary General Assembly meeting for the capital increase until the end of the Offering Period.

16-1 The Issuer's Articles of Association and other founding documents

- Commercial Registration.
- Company Bylaws.
- Articles of Association

16-2 Any document or order authorizing the offering of securities to the public

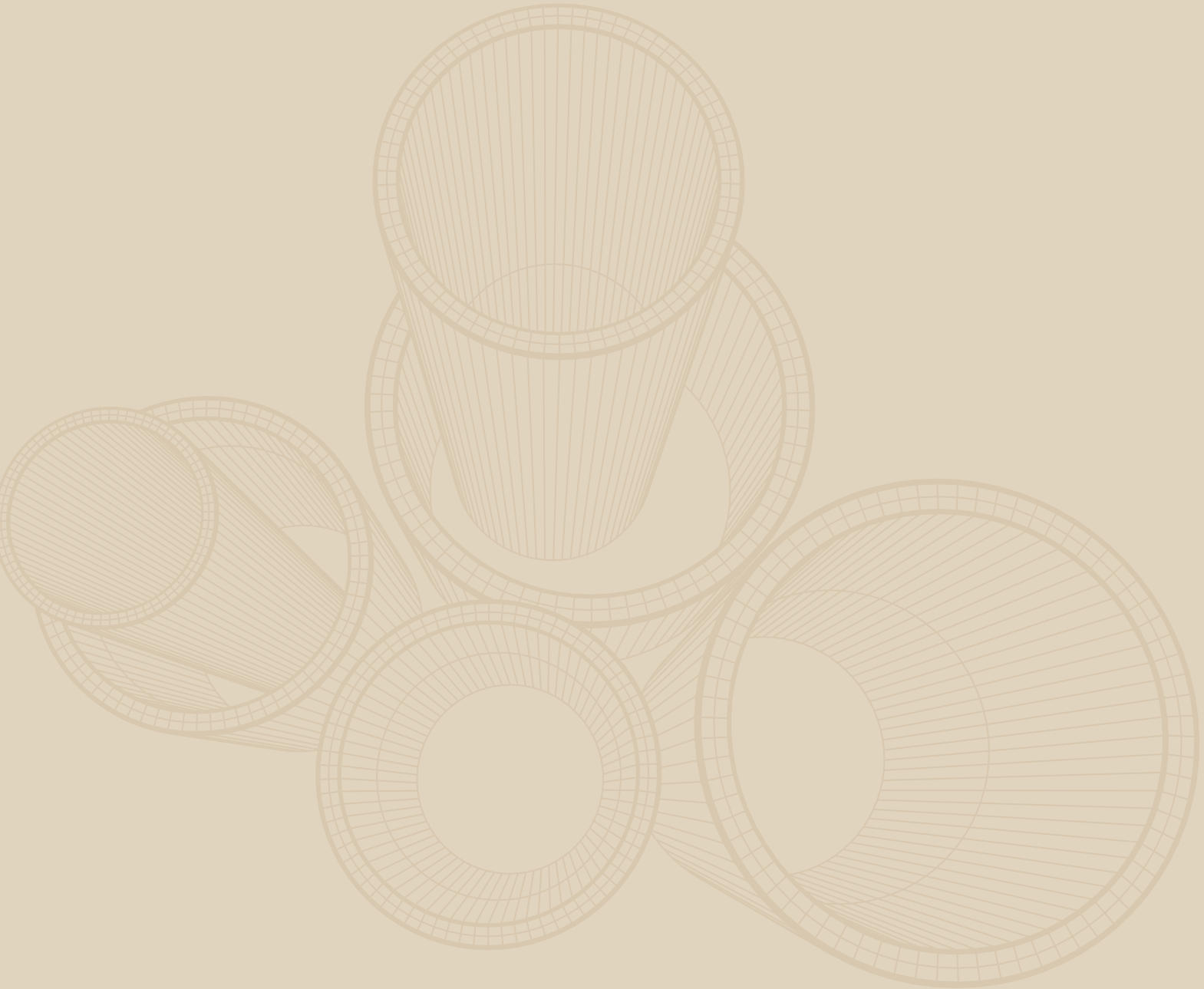
- The Capital Market Authority's approval of the rights issue, dated 14/10/1447H (corresponding to 02/04/2026G).
- The Saudi Stock Exchange (Tadawul)'s conditional approval of the listing of the rights issue on 02/02/1447H (corresponding to 27/07/2025G).
- The Board of Directors' recommendation to increase capital through a rights issue, dated 02/02/1446H (corresponding to 06/08/2024G).
- Approval of the Company's Extraordinary General Assembly on **/**/****H (corresponding to **/**/****G). This approval will be available for review after the issuance of the resolution of the Company's Extraordinary General Assembly.

16-3 Reports, letters, and other documents

- The Underwriting Agreement referred to in Section 11 «**Underwriting**».
- The Leading Manager's Agreement.
- Written consent by the Financial Advisor (Aldukheil Capital Group) to include its name, logo, and any statements it has made in this Prospectus.
- Written consent by the Lead Manager (Musharaka Capital Company) to include its name, logo, and any statement it has made in this prospectus
- Written consent by the Underwriter (Wasatah Capital Company) to include its name, logo, and any statements it has made in this Prospectus.
- Written consent from the Legal Advisor (Mohammed Al Dhaban & Partners Eversheds Sutherland) to include its name, logo, and any statements it has made in this Prospectus.
- Written consent from the financial audit advisor (Bakertilly Professional Consulting) to include his name, logo, and any statement he has made within this prospectus.
- Written consent from RSM Allied Accountants to include their name, logo, and statements as the Company's auditors for the audited financial statements for the fiscal years ending December 31, 2022G and 2023G in this Prospectus.
- Written consent from Yasser Zouman Al-Zouman, Khaled Fawzan Al-Fahad, and Zahir Abdullah Al-Hajjad CPA to include their name, logo, and statements as the Company's auditors for the audited financial statements for the fiscal year ending December 31, 2024G, and financial period ending on 30 June 2025G in this Prospectus, and to publish the auditor's report.
- Written consent from the Market Research Advisor (Euromonitor International Limited) to include its name, logo, and any statements it made in this Prospectus.



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