

ZHRAT AL WAHA FOR TRADING COMPANY
(A SAUDI JOINT STOCK COMPANY)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
TOGETHER WITH THE
INDEPENDENT AUDITOR'S REPORT

ZAHRAT AL WAHA FOR TRADING COMPANY
(A SAUDI JOINT STOCK COMPANY)
FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2025

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KPMG Professional Services Company

Roshn Front, Airport Road
P.O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
Commercial Registration No 1010425494

Headquarters in Riyadh

شركة كي بي إم جي للاستشارات المهنية مساهمة مهنية

واجهة روشن، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

Independent Auditor's Report

To the Shareholders of Zahrat Al Waha for Trading Company (Saudi Joint stock Company)

Opinion

We have audited the financial statements of Zahrat Al Waha for Trading Company ("the Company"), which comprise the statement of financial position as of 31 December 2025, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, comprising material accounting policies and other explanatory information.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), that is endorsed in the Kingdom of Saudi Arabia, as applicable to audits of the financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code's requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Independent Auditor's Report (continued)

To the Shareholders of Zahrat Al Waha for Trading Company (Saudi Joint stock Company)

Revenue Recognition

Refer to note (5) to the financial statements for the accounting policy relating to revenue recognition and note (27) to the financial statements for the related disclosures.

The key audit matter

During the year ended 31 December 2025, the Company recognised total revenues of (ﷲ) 475.3 million from the sale of products, recognised upon the transfer of control to customers, in accordance with IFRS 15 Revenue from Contracts with Customers.

Revenue is recognized at a point in time once performance obligation is satisfied resulting from the sale of products after the transfer of control to customers.

Revenue recognition is considered a Key Audit Matter as it is a key measure of the Company's performance and involves a large number of transactions and due to the complexity involved in determining the appropriate timing of revenue recognition based on the transfer of control, With the presence of risks of material misstatement arising from potential fraud.

The risk arises from the possibility of inappropriate revenue recognition, including premature recognition, fictitious revenue, or the incorrect application of IFRS 15. In addition, revenue recognition is presumed to be a fraud risk under auditing standards, which requires heightened auditor scrutiny and the performance of additional audit procedures.

How the matter was addressed in our audit

Our audit procedures performed included, among others, the following:

- Assessed whether the Company's revenue recognition policies comply with IFRS 15 Revenue from Contracts with Customers and whether they are appropriate to its business model.
- Inquired from management and those charged with governance regarding fraud risk awareness, the existence of any identified or suspected fraud cases, and their views on pressures or incentives that could lead to inappropriate revenue recognition.
- Obtain an understanding of the key internal controls related to revenue recognition and evaluate their design and operating effectiveness.
- Inspected on sample basis, customer contracts and supporting agreements.
- Selected samples of sales transactions during the year to verify that revenue was recognised only upon transfer of control to customers, inspecting corroborating evidence such as invoices and delivery documentation.
- Tested samples of sales transactions around the year-end before and after cut-off period to assess whether recognition is in the correct financial period.
- Performed reconciliation of recorded revenue to cash receipts to assess completeness and identify any unusual or unmatched transactions.
- Assessed the adequacy and completeness of revenue-related disclosures in the financial statements for compliance with IFRS 15.

Independent Auditor's Report (continued)

To the Shareholders of Zahrat Al Waha for Trading Company (Saudi Joint stock Company)

Impairment of trade receivables

Refer to note (5) to the financial statements for the accounting policy relating to impairment of financial assets and note (25-2) to the financial statements for the related disclosures.

The key audit matter	How the matter was addressed in our audit
<p>At 31 December 2025, trade receivables are stated at to (ﷲ)190.6 million and the related expected credit loss (ECL) allowance is stated at (ﷲ) 31.4 million.</p> <p>The Company applies the expected credit loss model under IFRS 9 "Financial Instruments" to account for impairment of financial assets using the simplified approach.</p> <p>The application of Expected credit loss model involves significant management judgment, including consideration of historical collection experience, and specific assessment of overdue trade receivables accounts. These estimates and assumptions are expected to have material impact on the financial statements.</p> <p>This matter was considered significant due to the magnitude of the receivable balances and the subjectivity in management's assumptions and estimates.</p>	<p>Our audit procedures performed included, among others, the following:</p> <ul style="list-style-type: none">• Assessed the reasonableness of management's ECL model.• Evaluated the design and implementation of controls over credit risk assessment and impairment estimation.• Inspected the receivables ageing report to identify overdue balances and assess the adequacy of the impairment allowance.• Inspected management's identification of individually impaired receivables.• Consulted our own internal specialist to assess the model framework and assumptions used by management, and to evaluate the reasonableness of estimates applied in determining impairment losses.• On a sample basis, we tested the completeness, accuracy, and validity of data used in the impairment calculations by verifying supporting documents.• We evaluated the adequacy of disclosures in the financial statements regarding trade receivables and related expected credit loss allowance.

Other matter

The financial statements as at and for the year ended 31 December 2024 were audited by another auditor who expressed an unmodified opinion on those financial statements on 19 Ramadan 1446H (corresponding to 19 March 2025).

Independent Auditor's Report (continued)

To the Shareholders of Zahrat Al Waha for Trading Company (Saudi Joint stock Company)

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

The annual report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, when made available to us, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Independent Auditor's Report (continued)

To the Shareholders of Zahrat Al Waha for Trading Company (Saudi Joint stock Company)

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the (financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

KPMG Professional Services Company

Dr. Abdullah Hamad Al Fozan
License No.: 348

Riyadh on 8 March 2026

Corresponding to 19 Ramadan 1447



ZAH RAT AL WAHA FOR TRADING COMPANY

(A SAUDI JOINT STOCK COMPANY)

STATEMENT OF FINANCIAL POSITION

AS OF 31 DECEMBER 2025

All amounts are stated in Saudi Riyals (ﷲ) unless otherwise indicated

	<u>Notes</u>	<u>2025</u>	<u>2024</u>
<u>ASSETS</u>			
Non-current assets			
Property, plant and equipment	6	199,871,591	213,380,163
Intangible assets	7	2,984,818	3,506,714
Investment properties	8	1,674,000	1,674,000
Total non-current assets		204,530,409	218,560,877
Current assets			
Trade receivables	9	159,201,862	164,076,424
Inventories	10	96,293,760	134,096,525
Prepayments and other receivables	11	20,181,359	17,369,683
Investments at fair value through profit or loss (FVTPL)	12	21,178,781	23,665,685
Cash and cash equivalents	13	7,266,287	5,365,322
Total current assets		304,122,049	344,573,639
Total Assets		508,652,458	563,134,516
<u>EQUITY AND LIABILITIES</u>			
EQUITY			
Share capital	14	225,000,000	225,000,000
Statutory reserve		30,818,396	30,498,741
Retained earnings		34,616,600	41,864,703
Other reserves		590,680	501,564
Total equity		291,025,676	297,865,008
Non-current Liabilities			
Employees' end-of-service benefits	15	3,601,097	3,169,843
Long-term loans	16	3,510,000	5,850,000
Total non-current liabilities		7,111,097	9,019,843
Current liabilities			
Short-term loans	16	164,665,244	196,294,717
Long-term loans – current portion	16	2,340,000	22,180,405
Trade payables		34,010,601	28,203,047
Accrued expenses and other payables	17	6,916,368	7,662,980
Zakat Provision	18	2,420,818	1,745,862
Dividend payables		162,654	162,654
Total current liabilities		210,515,685	256,249,665
Total liabilities		217,626,782	265,269,508
Total equity and liabilities		508,652,458	563,134,516

The accompanying notes from page (5) to (38) form an integral part of these financial statements, which were approved for issuance by the Board of Directors and have been authorized by:


Chairman
Ahmed Hammoud Altheyab


Chief Executive Officer
George Abdulkarim Moussa


Chief Financial Officer
Mahmoud Mohamad Zaky

ZAH RAT AL WAHA FOR TRADING COMPANY
(A SAUDI JOINT STOCK COMPANY)
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2025
All amounts are stated in Saudi riyals (ﷲ) unless otherwise indicated

	Notes	For the year ended	
		2025	2024
Sales		475,341,838	544,688,020
Cost of sales	19	(425,137,686)	(484,077,282)
Gross profit		50,204,152	60,610,738
(Deduct) / Add			
Selling and distribution expenses	20	(16,370,482)	(15,787,451)
General and administrative expenses	21	(9,671,091)	(9,774,923)
Impairment loss on trade Receivables	9	(570,167)	(3,346,204)
Other income		284,821	1,606,013
Operating profit		23,877,233	33,308,173
Net changes in investments at fair value through profit or loss	12	(2,790,634)	1,937,141
Finance costs	16	(15,431,983)	(19,994,576)
Profit before Zakat		5,654,616	15,250,738
Zakat	18	(2,458,064)	(3,173,345)
Profit for the year		3,196,552	12,077,393
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Remeasurements of employees' end-of-service benefits	15	89,116	67,217
Total other comprehensive income		89,116	67,217
Total comprehensive income		3,285,668	12,144,610
Basic and diluted earnings per share (ﷲ)	24	0.014	0.054

The accompanying notes from page (5) to (38) form an integral part of these financial statements, which were approved for issuance by the Board of Directors and have been authorized by:

 _____ Chairman Ahmed Hammoud Altheyab	 _____ Chief Executive Officer George Abdulkarim Moussa	 _____ Chief Financial Officer Mahmoud Mohamad Zaky
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ZAH RAT AL WAHA FOR TRADING COMPANY

(A SAUDI JOINT STOCK COMPANY)

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2025

All amounts are stated in Saudi riyals (ﷲ) unless otherwise indicated

	<u>Share capital</u>	<u>Statutory reserve</u>	<u>Retained earnings</u>	<u>Other reserves</u>	<u>Total</u>
<u>For the year ended 31 December 2024</u>					
Balance as of 1 January 2024	225,000,000	29,291,002	61,370,049	434,347	316,095,398
Profit for the year	--	--	12,077,393	--	12,077,393
Other comprehensive income for the year	--	--	--	67,217	67,217
Total comprehensive income for the year	--	--	12,077,393	67,217	12,144,610
Dividends (Note 22)	--	--	(30,375,000)	--	(30,375,000)
Transferred to statutory reserve	--	1,207,739	(1,207,739)	--	--
Balance as of 31 December 2024	225,000,000	30,498,741	41,864,703	501,564	297,865,008
<u>For the year ended 31 December 2025</u>					
Balance as of 1 January 2025	225,000,000	30,498,741	41,864,703	501,564	297,865,008
Profit for the year	--	--	3,196,552	--	3,196,552
Other comprehensive income for the year	--	--	--	89,116	89,116
Total comprehensive Income for the year	--	--	3,196,552	89,116	3,285,668
Dividends (Note 22)	--	--	(10,125,000)	--	(10,125,000)
Transferred to statutory reserve	--	319,655	(319,655)	--	--
Balance as at 31 December 2025	225,000,000	30,818,396	34,616,600	590,680	291,025,676

The accompanying notes from page (5) to (38) form an integral part of these financial statements, which were approved for issuance by the Board of Directors and have been authorized by:



Chairman
Ahmed Hammoud Altheyab



Chief Executive Officer
George Abdulkarim Moussa



Chief Financial Officer
Mahmoud Mohamad Zaky

ZAH RAT AL WAHA FOR TRADING COMPANY

(A SAUDI JOINT STOCK COMPANY)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2025

All amounts are stated in Saudi riyals (ﷲ) unless otherwise indicated

	<u>Notes</u>	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before zakat		5,654,616	15,250,738
Adjustments for:			
Depreciation and amortization		32,227,350	30,908,317
Investments at fair value through profit or loss	12	3,021,596	(1,742,522)
Employees' end-of-service benefits	15	727,045	596,262
Finance costs	16	15,431,983	19,994,576
Allowance for impairment of trade receivables	9	570,167	3,346,204
Changes in:			
Inventories		37,802,765	(14,543,216)
Trade receivables		4,304,395	7,606,379
Prepayments and other receivables		(2,811,676)	29,955,168
Trade payables		5,807,554	4,481,954
Investments at fair value through profit or loss		(534,692)	1,427,218
Accrued expenses and other payables		(746,612)	995,874
Cash generated from operating activities		101,454,491	98,276,952
Finance costs paid		(13,479,785)	(16,493,744)
Employees' benefits Paid		(206,675)	(56,359)
Zakat paid		(1,783,108)	(8,594,683)
Net cash flow generated from operating activities		85,984,923	73,132,166
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant, and equipment	6	(18,196,882)	(11,768,575)
Purchase of Intangible assets		--	(2,318,386)
Net cash flow used in investing activities		(18,196,882)	(14,086,961)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loans	16	432,904,264	549,713,731
Repayments of loans	16	(488,666,340)	(579,811,625)
Dividends paid	22	(10,125,000)	(30,375,000)
Net cash used in financing activities		(65,887,076)	(60,472,894)
Net change in cash and cash equivalents		1,900,965	(1,427,689)
Cash and cash equivalents at the beginning of the year		5,365,322	6,793,011
Cash and cash equivalents at the end of the year		7,266,287	5,365,322

The accompanying notes from page (5) to (38) form an integral part of these financial statements, which were approved for issuance by the Board of Directors and have been authorized by:

		
Chairman Ahmed Hammoud Altheyab	Chief Executive Officer George Abdulkarim Moussa	Chief Financial Officer Mahmoud Mohamad Zaky

ZAHRAT AL WAHA FOR TRADING COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

All amounts are stated in Saudi riyals (ﷲ) unless otherwise indicated

1- REPORTING ENTITY

Zahrat Al Waha For Trading Company ("the Company") is a Saudi Joint Stock Company established under the Regulations for Companies in the Kingdom of Saudi Arabia on 10 Sha'ban 1424H (corresponding to 6 October 2003). The Company was converted from a sole proprietorship to a Limited Liability Company with a capital of (ﷲ) 50 million on 27 Safar 1437H (corresponding to 9 December 2015). In addition, it was converted from a Limited Liability Company to a Saudi Closed Joint Stock Company with a capital of (ﷲ) 80 million on 3 Rabi' II 1438H (corresponding to 1 January 2017). It was converted from a Saudi Closed Joint Stock Company to a Saudi Joint Stock Company with a capital of (ﷲ) 150 million on 26 Dhul-Hajjah 1438H, corresponding to 17 September 2017.

The Saudi Capital Market Authority approved the listing of the Company in the Saudi Stock Exchange (Tadawul) on 26 Dhul-Hajjah 1438H (corresponding to 17 September 2017). Formal procedures to amend the Company's bylaws to convert it from a Saudi Closed Joint Stock Company into a Saudi Joint Stock Company were completed on 12 Rabi I 1439H (corresponding to 30 November 2017).

The principal activities of the Company include the manufacture of semi-finished products from plastics, the manufacture of cans and boxes from plastics, the manufacture of bottles of various forms from plastics, packaging & printing material, the manufacture of products from plastics using the Roto mold method, under the industrial license No. 1433100178351 dated 30 Dhul-Qiyydah 1432H (corresponding to 27 February 2012).

The Company operates under Commercial Registration No.1010190390 and unified number 7009395554 issued in Riyadh on 10 Sha'ban 1424H (corresponding to 6 October 2003) in the Kingdom of Saudi Arabia.

The Company carries out its activities through its branch in Al-Kharj under Commercial Registration No. 1011014061 issued in Riyadh on 22 Jumada II 1431H (corresponding to 4 June 2010).

The Extraordinary general assembly meeting held on 9 May 2022 (corresponding to 8 Shawwal 1443 H) approved the increase the company's capital from (ﷲ) 150 million to be (ﷲ) 225 million divided into 22.5 million ordinary shares with a nominal value of (ﷲ) 10 per share by granting free shares to the company's shareholders as a transfer from the retained earnings.

The Extraordinary General Assembly held on 18 November 2025 (corresponding to 27 Jumada al-Awwal 1447 H) based on the Board of Directors' recommendation, approved on the company's stock split by reducing the nominal value of the share from 10 (ﷲ) to 1 (ﷲ) per share, The paid-up capital remains unchanged at 225 million (ﷲ).

The Company's registered head office is at the following address:

Zahrat Al Waha For Trading Company

7449 Al Ihsa Street, Al Rabwa

P.O. Box 2980, Riyadh 12814

Kingdom of Saudi Arabia.

ZHRAT AL WAHA FOR TRADING COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

All amounts are stated in Saudi riyals (ﷲ) unless otherwise indicated

2- BASIS OF ACCOUNTING

2-1 Statement of compliance

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

2-2 Basis of measurement

The financial statements have been prepared under the historical cost convention and accrual basis of accounting, except for the following items included in the statement of financial position:

- Investments carried out at fair value through profit or loss are measured at fair value.
- The employees' end of service benefit obligation is measured at the present value of the future liability using the expected unit credit method.

2-3 Functional and presentation currency

These financial statements are prepared in Saudi Riyals (ﷲ) which is Company's functional and presentation currency.

3- USE OF ESTIMATES, ASSUMPTIONS AND SIGNIFICANT JUDGMENTS

The preparation of the Company's financial statements per IFRS Accounting Standards as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements as endorsed by the Saudi Organization for Chartered and Professional Accountants require management to make judgments, estimates, and assumptions that affect the reported amounts of revenues, costs, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to estimates is recognized prospectively.

In the process of applying the Company's accounting policies, management has made the following judgments, which have an effect on the amounts recognized in the financial statements:

Estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates rarely equal the actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are listed below.

Going concern

The Company's management assessed the Company's ability to continue to operate per the principle of going concern and reached a conviction that the Company has sufficient resources to enable it to continue operating in the foreseeable future. Also, management is not aware of any material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern. Accordingly, these financial statements have been prepared on a going-concern basis.

ZAHRAT AL WAHA FOR TRADING COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

All amounts are stated in Saudi riyals (ﷲ) unless otherwise indicated

3- USE OF ESTIMATES, ASSUMPTIONS AND SIGNIFICANT JUDGMENTS (CONTINUED)

Provision for impairment in inventories

Inventory is stated at cost or net realizable value, whichever is lower. The amount of write-off and any reduction in inventory to the net realizable value and inventory losses is recognized as an expense in the same period in which the write-off or expense occurred. A provision (if necessary) is made for obsolete and damaged inventories.

The Company reassesses the net realizable value in each subsequent period per the Company's policy. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate for the consideration required to settle the present obligation at the reporting date considering risk and doubts specific to liability. Where the provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When the Company expects some or all economic benefits that are required to settle a provision of the third party to be reimbursed, the accrued amount is recognized as an asset if the reimbursed amount is virtually certain, and its value can be reliably estimated.

The useful life of property, plant, and equipment

The management determines the estimated useful life of property, plant, and equipment for calculating depreciation. This estimate is made after considering the expected usage of the asset or physical wear and tear. Management performs periodic reviews for the estimated useful lives and depreciation method at least annually to ensure that depreciation duration and method are consistent with the expected pattern for the economic benefits of the assets.

Assumptions of employees' benefits obligations

Post-employment benefits represent liabilities that will be settled in the future and require using of assumptions against expected liabilities IAS 19 requires management to make further assumptions regarding variables such as discount rates, rate of compensation increases, return on asset, mortality rates, employment turnover rate, and future healthcare costs. The management uses an external actuary to perform this calculation. Changes in key assumptions can have a significant impact on the projected benefits obligation and/or periodic employee benefits costs incurred.

Provision for expected credit losses of financial assets

The Company applies the simplified method for assessing expected and specific credit losses under IFRS 9.

To measure expected credit losses, trade receivables are grouped based on the characteristics of the joint credit risk and the days on which they are due. Historical loss rates are adjusted to reflect current and future information per indicators of macroeconomic activity that affect customers' ability to settle receivables. The Company has defined gross domestic product and inflation as primary inputs for adjusting historical loss ratios according to expected changes to these factors.

At every reporting date, the historically observed default rates are updated and changes in the forward-looking estimates are analyzed.

ZHRAT AL WAHA FOR TRADING COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
All amounts are stated in Saudi riyals (ﷲ) unless otherwise indicated

4- NEW STANDARDS, AMENDMENT TO STANDARDS AND INTERPRETATIONS

New standards and a set of amendments to existing standards became effective on 1 January 2025. However, they do not have any impact on the Company's financial statements.

Currently effective requirements: This table lists the recent changes to the standards that are required to be applied for an annual period beginning after 1 January 2025.

Standards	Title	Effective date
IAS 21	Lack of Exchangeability	1 January 2025

New requirements: The standards, interpretations and amendments issued, but not yet effective up to the date of issuance of the financial statements, are disclosed below. The Company is currently assessing the implications for the financial statements on adoption. The Company intends to adopt these standards, where applicable, when they become effective.

Standards	Title	Effective date
IFRS 9 & IFRS 7	Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures	1 January 2026
IFRS 10 and IAS 28	Annual improvement to IFRS accounting standards- Volume 11 Sale or contribution of assets between and investor and its associate or joint venture-Amendments to IFRS 10 and IAS 28	To be determined
IFRS 18	Presentation and Disclosures in Financial Statements	1 January 2027
IFRS 19	Subsidiaries without public accountability: Disclosure	1 January 2027

5- MATERIAL ACCOUNTING POLICIES

The Company has consistently applied the following accounting policies to all periods presented in these financial statements, unless otherwise stated.

Property, plant and equipment

Recognition and measurement

Items of property, plant, and equipment are measured at cost, less accumulated depreciation and accumulated impairment losses, if any.

When parts of an item of property, plant, and equipment have different useful lives, they are accounted for as separate components (key elements).

Any gains or losses on the disposal of items of property, plant, or equipment are recognized in the statement of profit or loss.

Subsequent expenditures

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

Depreciation

Depreciation is calculated for the cost of items of property, plant and equipment less than their estimated residual values if any, using the straight-line method over their estimated useful lives, and depreciation is recognized in profit or loss. Land is not depreciated.

The estimated useful lives for the items of property, plant, and equipment for the current and comparative years are as follows:

Buildings	33 years
Machinery and equipment	10 years
Motor vehicles	5 years
Tools and equipment	10 years
Furniture	10 years
Computers	5 Years

The depreciation methods, useful lives and residual values are reviewed in each reporting period and adjusted if appropriate.

Capital work in progress is not depreciated and is stated at cost, less any impairment losses, if applicable.

Intangible assets

Recognition and measurement

Intangible assets include computer software acquired by the Company having finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses, if any.

Subsequent expenditures

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow the company.

5- MATERIAL ACCOUNTING POLICIES (CONTINUED)

Intangible assets (continued)

Amortization

Amortization is calculated on the cost of intangible assets, less their estimated residual values, if any, using the straight-line method over their estimated useful lives. Amortization is recognized in profit or loss.

The estimated useful life of computer software is 10 years.

Amortization methods, useful life, and residual values are reviewed at each reporting date and adjusted if appropriate.

Investment properties

Investment property is measured at cost, any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss.

The investment properties consists of Lands and Lands are not depreciated.

Financial Instruments

Recognition and Initial Measurement

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

Financial assets and financial liabilities are initially measured at fair value.

Transaction costs that relate directly to the purchase or issue of financial assets or liabilities not measured at fair value through profit or loss (FVPL) are added to, or deducted from, the fair value of the financial assets or liabilities upon initial recognition.

Transaction costs that are directly related to financial assets or liabilities measured at FVPL are recognized directly in the statement of profit or loss.

Classifications and subsequent measurements

Financial assets- Classification

Financial assets are classified into the following specified categories:

Financial assets 'at fair value through profit or loss' (FVTPL), fair value through other comprehensive income (FVTOCI) or financial assets measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Financial assets measured at fair value through profit or loss (FVTPL)

Financial assets are measured at fair value through the statement of profit or loss if they have been acquired or held for the purpose of trading.

Financial assets are classified as held for trading if:

- If they were acquired mainly to be sold in the near future.
- If they represent a known portfolio of financial instruments managed by the Company and include the actual pattern of a financial instrument that generates profits in the short term.
- If they represent a derivative but not classified or effective as a hedging instrument.

Financial assets measured at fair value through the statement of profit or loss are stated at their fair value, and any gain or loss resulting from the revaluation is recognized in the statement profit or loss.

5- MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial Instruments (continued)

Classifications and subsequent measurements (continued)

Financial assets measured at amortized cost

Financial assets held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (“SPPI”) are measured at amortised cost. A gain or loss on a debt investment subsequently measured at amortized cost is recognized in the Statement of Profit or Loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest method.

A financial asset shall be measured at FVOCI if both of the following are met:

- a) The financial asset is held within a business model whose objective is achieved by both collecting contractual cashflows and selling financials assets; and
- b) The contractual cashflows are solely payments of principal and interest on the principal amount outstanding.

Financial liabilities

Financial liabilities (including loans and trade payables) are recognized initially at fair value less any directly attributable cost. After initial recognition these are measured at amortized cost using the effective interest method.

The Company recognizes financial liabilities when, and only when, the Company’s obligations are discharged, canceled, or have expired. The difference between the carrying amount of disposed financial liabilities and the amount paid is charged to the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the financial statements when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Derecognition

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred assets, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset.

Impairment of financial assets

The Company assesses on a forward-looking basis the Expected Credit Losses (“ECL”) associated with its debt instruments as part of its financial assets, carried at amortised cost and FVOCI.

For accounts receivable, the Company applies the simplified approach, which requires expected lifetime losses to be recognized from initial recognition of the receivables. To measure the expected credit losses, receivables have been grouped based on shared credit risk characteristics and the days past due. Expected loss rates were derived from historical information of the Company and are adjusted to reflect the expected future outcome which also incorporates forward-looking information for macroeconomic factors such as inflation and gross domestic product growth rate.

5- MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial Instruments (continued)

Financial liabilities (continued)

Impairment of financial assets (continued)

Definition of default

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria can identify significant increase in credit risk before the amount becomes past due.

- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without considering any collateral held by the Company).

In the above context, the Company considers default when:

- The customer is unlikely to pay its credit obligations to the company in full, without recourse by the Company to actions such as realizing security (if any is held); or
- When the customer is past due on any material credit obligation to the Company. In case the industry norm suggests a period fairly represents default scenario for the Company.

Management has calculated the PD based on roll-rate and LGD based on information available at year end that substantiated the recoverability of balances.

Write off policy

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, considering legal advice where appropriate. Any recoveries made are recognized in profit or loss.

Inventories

Inventories include raw materials, packaging material, work in progress and finished goods , spare parts supplies and oil that are measured at the lower of cost or net realizable value. The cost is determined based on the weighted average method. Costs of purchased inventory are determined after deduction rebates and discount and includes expenditures incurred in bringing inventories to their existing location and condition.

Work in progress and finished goods include direct materials, direct labor and an appropriate proportions of fixed and variable indirect expenses.

The net realizable value is the estimated selling price in the normal course of business, less the estimated costs of completion and selling expenses.

The amount of any write-down of inventories to net realizable value and all losses of inventories shall be recognized as an expense in the same period of the write-off event or incurred loss.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank balances, and investments maturing within three months or less, which are readily available to the Company without any restrictions.

5- MATERIAL ACCOUNTING POLICIES (CONTINUED)

End of service liability

Short-term Employee Benefits

Short-term employee benefits are recognized as expenses when the related service is rendered. A liability is recorded for the amount expected to be paid if the Company has a present obligation (legal or constructive) to pay such amounts as a result of services previously rendered by employees, and the obligation can be reliably estimated.

Employee benefits are payable to all eligible employees in accordance with the applicable labor laws and regulations governing the Company, upon the termination of their employment contracts.

Defined Contribution Plans

Retirement benefits in the form of contributions to the General Organization for Social Insurance (GOSI) represent defined contribution plans. The Company has no further obligation beyond the contributions payable to GOSI. Contributions payable are recognized as an expense when they become due.

The Company applies defined benefit plans in accordance with the applicable Saudi Labor Law based on accrued service periods of employees as at the statement of financial position date.

The cost of providing benefits under defined benefit plans is determined separately for each plan using the projected unit credit method. Previously, the Company measured its end-of-service obligation at the present value of the benefits accrued that employees would be entitled to if their service were terminated at the reporting date.

Remeasurements comprise actuarial gains and losses, the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability/asset), and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability/asset). Remeasurements are recognized immediately in the statement of financial position with a corresponding entry in retained earnings through other comprehensive income (OCI) in the period in which they occur. These are not reclassified to profit or loss in subsequent periods.

Past service cost is recognized in profit or loss at the earlier of:

- The date of plan amendment or curtailment, or
- The date the Company recognizes corresponding restructuring costs.
- Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

The Company recognizes the following changes in the net defined benefit liability in profit or loss:

- Service costs, including current service costs, past service costs, and gains and losses on curtailments and non-routine settlements.
- Net interest expense or income.

Zakat

Zakat is calculated in accordance with regulations of Zakat, Tax and Customs Authority in the Kingdom of Saudi Arabia ("ZATCA") on the Saudi shareholders' shares and on an accrual basis. The Zakat charge is recognized in the statement of profit or loss. The differences, if any, resulting from the final assessments are adjusted in the year when declarations are finalized.

Statutory reserve

In accordance with the Company's by-laws, the Company must set aside 10% of its annual net income as a statutory reserve until it reaches 30% of the share capital. This reserve is not available for distribution. The reserve allocation is computed on an annual basis.

5- MATERIAL ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

Revenue

The Company recognises revenues from contracts with customers based on a five-step model as set out in IFRS (15) as follows:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation.

The application of accounting policy for the Company's revenue from contracts with customers are outlined below:

Company generate revenue from several segments including:

- Plastic preforms
- Plastic Caps
- Printing materials
- Packaging materials

5- MATERIAL ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

Revenue (continued)

<u>Type of product</u>	<u>Nature, timing of satisfaction of performance obligation and significant payment terms</u>
	Revenue is recognized when control of the goods is transferred to the customer, which occurs upon delivery of the goods in accordance with the contractual terms.
Plastic preforms and caps.	Products are sold with volume-based discounts determined based on cumulative sales over a 12-month period. These discounts represent variable consideration and are estimated at contract inception and updated at each reporting date, subject to the constraint to ensure that revenue recognized will not be subject to significant reversal. Invoices are generally payable within the credit period agreed with customers. The Company does not expect that the period between the transfer of goods and payment exceeds one year; therefore, the transaction price is not adjusted for the time value of money.
Printing and packaging materials	The principal activity of the Company is the manufacture and sale of packaging materials and labels. Revenue is recognized when control of the goods is transferred to the customer, which generally occurs upon delivery in accordance with the contractual terms.

Expenses

- Selling and distribution expenses are costs arising from the Company’s marketing and distribution activities.
- All other operating expenses, other than cost of sales, are classified as administrative expenses.
- Where required, common expenses are allocated between cost of sales, selling and distribution expenses, and administrative expenses on a reasonable basis, based on the nature and circumstances of the expenses.

Earnings per share

The Company presents basic and diluted earnings per share (EPS).

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held, if any.

Diluted EPS, if any, is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for own shares held, for the effects of all dilutive potential common shares.

Segment reporting

The disclosures for segment reporting are consistent with information reviewed by the chief operating decision-maker. The company discloses information about the applicable measurement bases, such as the nature and impact of any differences between the measurements used in the information on the reporting sectors and those measurements used and for which discrete financial information is available.

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6- PROPERTY, PLANT AND EQUIPMENT

	Lands	Buildings	Machinery and equipment	Motor vehicles	Tools and equipment	Furniture	Computers	Work in Progress	Total
Cost:									
Balance at 1 January 2024	34,767,131	36,222,917	321,960,739	3,379,114	330,103	711,436	2,363,471	60,173,704	459,908,615
Additions	--	--	459,856	--	290,596	108,625	199,413	10,710,085	11,768,575
Transfers	--	--	22,651,895	452,756	2,064,173	--	710,523	(25,879,347)	--
Balance at 31 December 2024	34,767,131	36,222,917	345,072,490	3,831,870	2,684,872	820,061	3,273,407	45,004,442	471,677,190
Additions	--	--	1,402,851	335,690	46,362	28,872	128,108	16,254,999	18,196,882
Transfers	--	10,348,152	45,525,222	--	--	--	--	(55,873,374)	--
Balance at 31 December 2025	34,767,131	46,571,069	392,000,563	4,167,560	2,731,234	848,933	3,401,515	5,386,067	489,874,072
Accumulated depreciation:									
Balance at 1 January 2024	--	7,279,443	215,570,023	2,358,988	272,703	483,823	1,835,885	--	227,800,865
Charge for the year*	--	1,153,563	28,286,779	428,494	177,180	71,726	378,420	--	30,496,162
Balance at 31 December 2024	--	8,433,006	243,856,802	2,787,482	449,883	555,549	2,214,305	--	258,297,027
Charge for the year*	--	1,438,848	29,232,492	402,811	259,219	71,747	300,337	--	31,705,454
Balance at 31 December 2025	--	9,871,854	273,089,294	3,190,293	709,102	627,296	2,514,642	--	290,002,481
Net book value:									
As at 31 December 2024	34,767,131	27,789,911	101,215,688	1,044,388	2,234,989	264,512	1,059,102	45,004,442	213,380,163
As at 31 December 2025	34,767,131	36,699,215	118,911,269	977,267	2,022,132	221,637	886,873	5,386,067	199,871,591

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6- PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Depreciation charged for the year ended 31 December is allocated as follows:

	<u>2025</u>	<u>2024</u>
Cost of revenue	30,435,270	29,023,642
Selling and distribution expenses	38,636	27,550
General and administrative expenses	104,728	127,481
Total	<u>30,578,634</u>	<u>29,178,673</u>

*Part of depreciation related to property, plant and equipment was capitalized amounting to 1.1 million (ﷲ) (2024: 1.3 million (ﷲ)) as part of the cost of inventories.

On February 2025, the company converted the printing and packaging factory buildings, machinery, and production lines from work in progress into property, plant, and equipment for an amount of (ﷲ) 55.87 million.

As of 31 December 2025, the loans referred to in notes (16) are secured by some lands, buildings, and machinery, and their net book value amounted to (ﷲ) 56.9 million (31 December 2024: (ﷲ) 70.1 million).

7- INTANGIBLE ASSETS

The movement in intangible assets during the years ended 31 December is as follows:

	<u>2025</u>	<u>2024</u>
	Computer software	Computer software
Cost:		
Balance at beginning of the year	4,880,743	2,311,062
Work in progress	(251,295)	251,295
Additions	251,295	2,318,386
Balance As at the year end	<u>4,880,743</u>	<u>4,880,743</u>
Amortization:		
Balance at beginning of the year	1,374,029	961,874
Amortisation for the year	521,896	412,155
Balance at the year end	<u>1,895,925</u>	<u>1,374,029</u>
Net Book Value:		
As at 31 December	<u>2,984,818</u>	<u>3,506,714</u>

Intangible assets include computer software acquired by the Company having finite useful lives.

Allocation of amortization charge is as follows:

	<u>2025</u>	<u>2024</u>
Cost of revenue	234,565	156,447
General and administration expenses	287,331	255,708
	<u>521,896</u>	<u>412,155</u>

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8- INVESTMENT PROPERTIES

The Company records all investment properties at cost. The investment property consists of plots of land in Muzahimiyah, with a total area of 12,113 square meters (2024: 12,113 square meters), The carrying amount of the investment property as of 31 December 2025 amounted to (ﷲ) 1,67 million (2024: (ﷲ) 1,67 million).

The fair value of the investment property as of 31 December 2025 amounted to (ﷲ) 6.93 million (2024: (ﷲ) 6,83 million), The fair value of the real estate investment was determined by an external real estate valuer independent of the Company (Valuer:Shayeg Saleh Alshayeg Valuation Company, license number (1210001415).

Valuation techniques used to determine fair value using market approach.

Valuation Technique	Description of Inputs	Assumption
Market approach	Comparable prices from similar properties	Selected based on location, size, and condition
Price per Square Meter	Average from comparable properties	Local market rate

9- TRADE RECEIVABLES

	2025	2024
Trade receivables	166,068,613	167,384,171
Due from related parties (Note 26)	24,577,429	27,566,266
	190,646,042	194,950,437
Less: Allowance for impairment of trade receivables	(31,444,180)	(30,874,013)
	<u>159,201,862</u>	<u>164,076,424</u>

The movement in allowance for impairment of trade receivables is as follows:

	2025	2024
Balance at beginning of the year	<u>30,874,013</u>	<u>27,527,809</u>
Allowance during the year	570,167	3,346,204
Balance at the end of the year	<u>31,444,180</u>	<u>30,874,013</u>

10- INVENTORIES

	2025	2024
Raw materials and packaging materials	49,956,208	76,638,909
Finished goods	41,753,868	45,218,069
Spare parts, supplies and oils	4,583,684	4,496,304
Goods-in-transit	--	7,743,243
	<u>96,293,760</u>	<u>134,096,525</u>

* There was no write-down of inventories during the year.

11- PREPAYMENTS AND OTHER RECEIVABLES

	2025	2024
Suppliers - debit balances (*)	9,076,184	13,152,391
Advances to suppliers	8,156,938	1,088,618
Prepaid expenses	2,100,419	2,442,843
Value added tax, net	387,673	247,868
Others	460,145	437,963
	<u>20,181,359</u>	<u>17,369,683</u>

* This balance represents the value of the discounts due for the year from the main supplier of the Company.

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12- INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>2025</u>	<u>2024</u>
Investments in shares of listed companies	8,360,304	13,074,480
Investments in an investment fund	12,818,477	10,591,205
Total investments	<u>21,178,781</u>	<u>23,665,685</u>

During the year 2025, the Company invested in a portfolio of investment shares that are traded in the Saudi Stock Exchange (Tadawul), represented by investing in the equity of a diversified group of Companies.

The portfolio is managed by the Investment Company for Securities and Brokerage - Alistithmar Capital, in accordance with the concluded management contract.

The fund valuation technique depends on net assets value which is performed by investment manager.

Investments are valued at fair value based on the traded prices of shares on the Saudi Stock Exchange (Tadawul). This resulted in a realized (losses) gain of (ﷲ) (0.122 million) 2024:1,5 million and an unrealized (Losses) / gain that amounted to (ﷲ) (2,9 million) 2024: 0.212 million and dividends received During the year amounted to (ﷲ) 0.231 million (2024: 0.195 million) which were presented in the profit or loss statement. The investment movement for the year ended 31 December is as follows:

	<u>2025</u>	<u>2024</u>
Balance of investments at beginning of the year	23,665,685	23,350,382
Additions	5,124,251	17,340,079
Disposals	(4,589,559)	(18,767,298)
Realized (Loss) / gain	(122,315)	1,529,694
Fair value adjustment	(2,899,281)	212,828
Balance at the end of the year	<u>21,178,781</u>	<u>23,665,685</u>

13- CASH AND CASH EQUIVALENTS

	<u>2025</u>	<u>2024</u>
Cash at bank	7,252,230	5,342,408
Cash on hand	14,057	22,914
	<u>7,266,287</u>	<u>5,365,322</u>

14- SHARE CAPITAL

As of 31 December 2025, the Company's authorized and fully paid-up share capital amounted to (ﷲ) 225 million (2024: (ﷲ) 225 million), divided into 225million ordinary shares of (ﷲ) 1 per share (2024: 22,5 million ordinary shares of (ﷲ) 10 per share).

On 19 August 2025 Board of directors recommended stock split from 10 (ﷲ) to 1 (ﷲ) per share which was approved by Extraordinary general assembly meeting held on 18 November 2025 (Corresponding to 27 Jumada al-Awwal 1447 H), Earnings per share have been calculated after considering the split that occurred during 2025.

Earnings per share have been calculated after considering the share split.

Comparative figures have been retrospectively adjusted to reflect this split, in accordance with IAS 33.

15- EMPLOYEES' END OF SERVICE BENEFITS LIABILITY

The Company calculates employees' end of service benefits according to laws and regulations in Kingdom of Saudi Arabia. Additionally, the Company re-measures the employees' end of service benefits using the projected credit unit method by a qualified actuary.

In Kingdom of Saudi Arabia, the plan entitles an employee who has completed over two but less than five years of service, to receive a payment equal to one-third of their final salary for each completed year of service. Similarly, an employee who completed over five, but with less than ten years of service receives a payment equal to two-thirds of their final salary for each completed year of service. Further, an employee who completed over ten years of service receives a payment equal to their final salary for each completed year of service.

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15- EMPLOYEES' END OF SERVICE BENEFITS LIABILITY (CONTINUED)

The most recent actuarial valuation of the present value of the end- of -service benefit obligation was carried out on 31 December 2025. During the financial year, no material fluctuations or events affected the actuarial assumptions used to calculate the liability, except for a decrease in the discount rate, as described below.

The present value of the defined benefit obligation and the related current service cost and past service cost were measured using the projected unit credit method.

The company administers end-of-service benefit plans in accordance with the Saudi Arabian Labor Law. Post-employment benefit plans are not funded.

15-1 Movement in employees' benefits obligation

The following table shows a reconciliation from the opening balances to the closing balances for the defined benefit liability:

	<u>2025</u>	<u>2024</u>
Balance at the beginning of the year	3,169,843	2,697,157
Included in the statement of profit or loss		
Current service cost during the year	540,889	445,237
Finance cost during the year	186,156	151,025
Paid during the year	(206,675)	(56,359)
	520,370	539,903
Included in other comprehensive income		
Gains from actuarial revaluation	(89,116)	(67,217)
Balance at the end of the year	3,601,097	3,169,843

15-2 Actuarial assumptions

The principal actuarial assumptions at the reporting date (expressed as a weighted average) are as follows:

	<u>2025</u>	<u>2024</u>
Discount rate	5.50%	5.65%
Future salary growth	5.00%	5.00%

Assumptions regarding future mortality have been based on published statistics and mortality tables. The current longevities used to estimate the defined benefit obligation at the reporting date were as follows.

	<u>2025</u>	<u>2024</u>
Average age	34.52	33.87

At 31 December, the weighted-average duration of the defined benefit obligation was as follows:

	<u>2025</u>	<u>2024</u>
Weighted-average duration (in years)	4.08	3.54

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15- EMPLOYEES' END OF SERVICE BENEFITS (CONTINUED)**15-3 Sensitivity analysis**

Reasonably possible changes in the reporting date of one of the actuarial assumptions relevant to the assumption that other assumptions remain unchanged may affect the defined benefit obligations amount as follows:

	2025		2024	
	Increase	Decrease	Increase	Decrease
Discount rate (1 % movement)	(3,306,060)	3,945,478	(2,908,310)	3,475,008
Future Salary Growth Rate (1% change)	3,943,722	(3,302,121)	3,473,919	(2,904,469)

The balance of other reserve represents the re-measurement of employees' benefits resulting from the actuarial report, the balance as of 31 December 2025 (ﷲ) 0.59 million (2024: (ﷲ) 0.50 million).

16- LOANS**a) Short-term loans**

	2025	2024
Short-term loans (*)	164,665,244	196,294,717

(*) These short-term loans are mainly used to finance the working capital requirements of the Company. The Company did not use these short-term loans to finance capital expansions.

b) Long-term loans

	2025	2024
Saudi Industrial Development Fund (SIDF)	6,325,000	28,855,000
Less: deferred finance cost	(475,000)	(824,595)
	5,850,000	28,030,405

Presented in the statement of financial position as follows:

Non-current portion	3,510,000	5,850,000
Current portion	2,340,000	22,180,405
	5,850,000	28,030,405
Total loans	170,515,244	224,325,122

c) Total movement in loans

	2025	2024
Balance as at beginning of the year	224,325,122	250,922,184
Proceeds from loans during the year	432,904,264	549,713,731
Repayment of loans during the year	(488,666,340)	(579,811,625)
Finance costs during the year	15,431,983	19,994,576
Finance costs paid during the year	(13,479,785)	(16,493,744)
Balance at the end of the year	170,515,244	224,325,122

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16- LOANS (CONTINUED)

d) Bank facility agreements

The Company obtained credit facilities from local banks, long-term and short-term loans, and letters of credit with a financing ceiling of (ﷲ) 270 million. These facilities were obtained under Murabaha and Tawarruq agreements to finance working capital and some expansions and capital expenditure requirements (ﷲ) 20 million to finance the investment in the shares of listed entities and investment in the investment fund. The company did not use the limit of capital expenditure and real estate investments.

These facilities were obtained under Murabaha and Tawarruq agreements to finance working capital and some expansions, capital expenditure, general, and real estate requirements.

As of 31 December 2025, unused facilities and open letters of credit amounted to (ﷲ) 111.1 million (31 December 2024: (ﷲ) 360.1 million). The credit facility agreements are secured by promissory notes issued by the Company. The facility agreements include covenants relating to restrictions on dividends and other matters that require a minimum net worth and certain financial ratios that must be maintained accordingly.

The borrowings include certain covenants. Breach of these covenants in the future may lead to renegotiation. The management monitors covenants monthly, and in the event of a breach expected in the future, the management takes the necessary measures to ensure compliance.

Company borrowing interest rates range from SAIBOR + (1.4% to 1.6%) interest rate during the year.

All the borrowings mentioned above are borrowings that comply with the provisions of Islamic Sharia.

17- ACCRUED EXPENSES AND OTHER PAYABLES

	<u>2025</u>	<u>2024</u>
Remunerations and allowances of the Company's Board of Directors and Committees (Note 26)	1,253,000	1,142,000
Leave vacations accruals	893,228	596,549
Accrued expenses – electricity	840,179	902,744
Accrued air tickets	808,624	647,762
Accrued expenses – professional fees	539,476	310,208
Contract Liability	465,582	364,147
Accrued bonus	450,000	750,000
Others	1,666,279	2,949,570
	<u>6,916,368</u>	<u>7,662,980</u>

18- ZAKAT PROVISION

The Company filed the Zakat declarations for the years 2012 to 2024. Zakat for the year 2023 has been assessed and fully settled, with a Zakat certificate issued, valid until 30 April 2026. The Zakat declaration for the year 2024 is currently under review by the Zakat, Tax and Customs Authority (ZATCA), and there are no pending Zakat disputes. (Refer to note 30)

18-1 Zakat base for the current year is calculated as follows:

	<u>2025</u>	<u>2024</u>
Equity, opening provisions and other Adjustments	338,139,805	369,125,755
Book value for long term assets	(259,070,301)	(299,696,090)
Total	<u>79,069,504</u>	<u>69,429,665</u>
Zakat base	<u>79,069,504</u>	<u>69,429,665</u>

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18- ZAKAT PROVISION (CONTINUED)

18-2 The movement in Zakat provision during the year was as follows:

	<u>2025</u>	<u>2024</u>
Balance at the beginning of the year	1,745,862	7,167,200
Provided during the year	2,420,817	3,173,345
Paid during the year	(1,783,108)	(8,594,683)
Prior years adjustments	37,247	--
Balance at the end of the year	<u>2,420,818</u>	<u>1,745,862</u>

19- COST OF SALES

	<u>For the year ended 31 December</u>	
	<u>2025</u>	<u>2024</u>
Raw material cost	352,497,451	418,349,830
Depreciation and amortization	30,669,835	29,180,089
Electricity	18,602,894	16,447,561
Salaries and related costs	13,754,575	12,240,111
Others	9,612,931	7,859,691
	<u>425,137,686</u>	<u>484,077,282</u>

20- SELLING AND DISTRIBUTION EXPENSES

	<u>For the year ended 31 December</u>	
	<u>2025</u>	<u>2024</u>
Transportation expenses	14,122,295	12,936,891
Salaries and wages	1,199,477	901,540
Selling commissions	253,000	246,571
Depreciation (Note 6)	38,636	27,550
Customers Rebate	--	1,083,026
Other expenses	757,074	591,873
	<u>16,370,482</u>	<u>15,787,451</u>

21- GENERAL AND ADMINISTRATIVE EXPENSES

	<u>For the year ended 31 December</u>	
	<u>2025</u>	<u>2024</u>
Salaries and wages	4,342,608	4,991,404
Professional and consultancy fees	1,646,085	1,169,759
Remunerations and allowances of the Company's Board of Directors and Committees	1,244,000	733,000
Defective tools and equipment	960,331	843,618
Depreciation and amortization (Note 6 and 7)	392,059	383,189
Other expenses	1,086,008	1,653,953
	<u>9,671,091</u>	<u>9,774,923</u>

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22- DIVIDENDS

The extraordinary general assembly meeting held on 4 June 2025 (corresponding to 8 Dul-Alhaji 1446) based on the recommendation of the Company's Board of Directors held on 19 Mar 2025 (corresponding to 19 Ramadan 1446), approved to distribute cash dividends of (ﷲ) 10.1 million for the financial year 2024, amounting to (ﷲ) 0.45 per share. It is due to the shareholders who own shares at the end of trading on the day of the assembly meeting and who are registered in the Company's shareholders' register with the Depository Center Company at the end of the second trading day following the due date. It was paid in full on 19 June 2025.

23- CAPITAL COMMITMENTS, CONTINGENT LIABILITIES AND OTHER LIABILITIES

Contingent liabilities are disclosed when an obligation exists that will be confirmed only by future events or when the obligation cannot be reliably measured. Contingent assets are not recognized but are disclosed when an outflow of economic benefits is probable.

As of 31 December 2025, contingent liabilities related to letters of credit amounted to (ﷲ) 13,2 million (2024: (ﷲ) 6,6 million).

As of 31 December 2025, the capital commitments related to work in progress amounted to (ﷲ) 2.2 million representing mainly in contracting for a new production line (2024: (ﷲ) 2,7 million).

The Company has obligations under promissory notes that equal the total amount of loans granted to it.

24- EARNINGS PER SHARE

Basic and diluted earnings per share

Basic earnings per share are calculated by dividing income for the year attributable to the Company's ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

	<u>2025</u>	<u>2024</u>
Profit for the year	<u>3,196,552</u>	<u>12,077,393</u>
<u>No. of shares</u>		
Weighted average number of shares (Note 14)	<u>225,000,000</u>	<u>225,000,000</u>
Basic and diluted earnings per share (ﷲ)	<u>0.014</u>	<u>0.054</u>

The diluted earnings per share are the same as the basic earnings per share as the Company has no diluted instruments.

On 19 August 2025 Board of directors recommended stock split from (ﷲ) 10 to (ﷲ) 1 per share which was approved by Extraordinary general assembly meeting held on 18 November 2025, Earnings per share have been calculated after considering the share split that occurred during 2025. Comparative figures have been retrospectively adjusted to reflect this split, in accordance with IAS 33.

25- FINANCIAL INSTRUMENTS – ACCOUNTING CLASSIFICATIONS AND FAIR VALUES

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at a measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer liability takes place either:

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

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, if market participants act in their best economic interest.

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

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25- FINANCIAL INSTRUMENTS – ACCOUNTING CLASSIFICATIONS AND FAIR VALUES (CONTINUED)

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

The table below shows the carrying values and fair values of financial assets and financial liabilities including their levels in the fair value hierarchy. It does not include fair value information on financial assets and financial liabilities that are not measured at fair value if the carrying amount is reasonably close to the fair value.

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25- FINANCIAL INSTRUMENTS – ACCOUNTING CLASSIFICATIONS AND FAIR VALUES (CONTINUED)

	31 December 2025						
	Book value			Fair value			Total
	Fair value	Amortized cost	Total	Level 1	Level 2	Level 3	
Financial assets							
Trade receivables	---	190,646,042	190,646,042	---	---	---	190,646,042
Cash and cash equivalents	---	7,266,287	7,266,287	---	---	---	7,266,287
Investments at FVTPL	21,178,781	---	21,178,781	8,360,304	12,818,477	---	21,178,781
Total	21,178,781	197,912,329	219,091,110	8,360,304	12,818,477	---	219,091,110
Financial liabilities							
Short-term loans	---	164,665,244	164,665,244	---	---	---	164,665,244
Long-term loans	---	5,850,000	5,850,000	---	---	---	5,850,000
Trade payables	---	34,010,601	34,010,601	---	---	---	34,010,601
Total	---	204,525,845	204,525,845	---	---	---	204,525,845
	31 December 2024						
	Book value			Fair value			Total
	Fair value	Amortized cost	Total	Level 1	Level 2	Level 3	
Financial assets							
Trade receivables	---	194,950,437	194,950,437	---	---	---	194,950,437
Cash and cash equivalents	---	5,365,322	5,365,322	---	---	---	5,365,322
Investments at FVTPL	23,665,685	---	23,665,685	13,074,480	10,591,205	---	23,665,685
Total	23,665,685	200,315,759	223,981,444	13,074,480	10,591,205	---	223,981,444
Financial liabilities							
Short-term Loans	---	196,294,717	196,294,717	---	---	---	196,294,717
Long-term Loans	---	28,030,405	28,030,405	---	---	---	28,030,405
Trade payables	---	28,203,047	28,203,047	---	---	---	28,203,047
Total	---	252,528,169	252,528,169	---	---	---	252,528,169

The Company is exposed to the following risks arising from financial instruments:

- Credit risk.
- Liquidity risk
- Market risk

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25- FINANCIAL INSTRUMENTS – ACCOUNTING CLASSIFICATIONS AND FAIR VALUES
(CONTINUED)

25-1 Risk management framework

Board of Directors

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

Audit Committee

The Company's Audit Committee assesses how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

The risks faced by the Company and the way these risks are mitigated by management are summarized below:

25-2 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty fails to meet its contractual obligations and arises principally from the Company's receivables from customers. The fair value of financial assets represents the maximum credit exposure.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and the country in which customers operate

The Board of Directors established a credit policy according to which each new customer is evaluated individually for creditworthiness before contracting him and accepting him as a customer with the Company.

The Company's review includes external ratings, if they are available, and in some cases bank references.

The Company limits its exposure to credit risk from trade receivables by establishing a maximum payment period of 120 days per year for customers.

The Company has an allowance for impairment that represents the best estimate of expected credit losses with respect to trade receivables (Note 9).

The significant concentrations of the Company's risks by sector and geographical region are assessed in (Notes 27).

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25- FINANCIAL INSTRUMENTS – ACCOUNTING CLASSIFICATIONS AND FAIR VALUES (CONTINUED)

25-2 Credit risk (Continued)

	<u>2025</u>	<u>2024</u>
Trade receivables	166,068,613	167,384,171
Cash at bank	7,252,230	5,342,408
Investments at FVTPL	21,178,781	23,665,685
	<u>194,499,624</u>	<u>196,392,264</u>

As of 31 December 2025, the trade receivables balances include a balance of (ﷲ) 43,44 million (2024: (ﷲ) 44,3 million) for two of the largest Company's customers.

As of 31 December, the ageing analysis of trade receivables was as follows:

ageing	<u>2025</u>		<u>2024</u>	
	Balance	Expected Credit losses	Balance	Expected Credit losses
Current (not past due)	73,231,727	966,489	84,424,038	1,741,564
1-90 days	47,814,924	1,281,367	50,079,567	2,284,247
91–180 days	23,646,652	1,911,040	26,196,186	2,145,938
181-270 days	11,133,532	1,667,314	10,045,682	2,197,325
271-360 days	5,079,540	1,883,433	3,415,643	1,715,618
More than 360 days	29,739,667	23,734,537	20,789,321	20,789,321
Balance at the end of the year	<u>190,646,042</u>	<u>31,444,180</u>	<u>194,950,437</u>	<u>30,874,013</u>

The company establishes a provision for all receivables overdue for more than 360 days (2024: 360 days). As of December 31, 2025, the expected credit losses on trade receivables amounted to 31.44 million (ﷲ) (Note 9) (2024: 30.87 million (ﷲ)).

As of 31 December 2025, the Company maintains cash and cash equivalents of (ﷲ) 7,27 million (2024: (ﷲ) 5,37 million) with banks having good credit ratings.

25-3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company aims to maintain the level of its cash and cash equivalents at an amount more than expected cash outflows on financial liabilities (other than trade payables) over the next 90 days.

The Company has unused bank facilities and open letters of credit amounted to (ﷲ) 105,1 million (2024: (ﷲ) 360,03 million) as at the date of the statement of financial position to meet liquidity requirements (Note 16-d).

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25- FINANCIAL INSTRUMENTS – ACCOUNTING CLASSIFICATIONS AND FAIR VALUES (CONTINUED)**25-3 Liquidity risk (continued)**

The following is an analysis of the undiscounted contractual maturity of the Company's financial liabilities as at 31 December.

31 December 2025	Less than one year	From one year to 3 years	More than 3 years	Interest payable for future period	Total contractual agreements	Carrying amount
Non-derivative financial liabilities						
Loans	167,005,244	3,510,000	--	1,952,197	172,467,441	170,515,244
Trade payables	34,010,601	--	--	--	--	34,010,601
Accrued expenses and other payables	6,916,368	--	--	--	--	6,916,368
	207,932,213	3,510,000	--	1,952,197	172,467,441	211,442,213
31 December 2024	Less than one year	From one year to 3 years	More than 3 years	Interest payable for future period	Total contractual agreements	Carrying amount
Non-derivative financial liabilities						
Loans	218,475,122	4,680,000	1,170,000	3,500,831	227,825,953	224,325,122
Trade payables	28,203,047	--	--	--	--	28,203,047
Accrued expenses and other payables	7,662,980	--	--	--	--	7,662,980
	254,341,149	4,680,000	1,170,000	3,500,831	227,825,953	260,191,149

The Company has no significant liquidity risks.

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25- FINANCIAL INSTRUMENTS – ACCOUNTING CLASSIFICATIONS AND FAIR VALUES
(CONTINUED)**25-4 Market risk**

Market risk is the risk that changes in the market prices, such as foreign exchange rates, interest rates, and equity prices will affect the Company's income or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing returns.

Market risk comprises three types of risk: currency risk, interest rate risk, and capital management risk.

25-4-1 Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to fluctuations in foreign exchange rates.

The Company is not exposed to fluctuations in foreign exchange rates during the normal course of business, since most of the company's core transactions are conducted in (ﷻ) and US dollars.

Since the Saudi Riyal is pegged against the US Dollar, there are no significant risks associated with transactions and balances denominated in US Dollars.

25-4-2 Interest rate risk

The interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's interest rate risk arises from long-term borrowings. Borrowings approved at variable interest rates expose the Company to interest rate risk on cash flows.

		Increase/decrease in base points related to commission rates	Effect on income of the year
<u>31 December 2025</u>	(ﷻ)	+100	(2,010,158)
	(ﷻ)	-100	2,010,158
<u>31 December 2024</u>	(ﷻ)	+100	(2,466,782)
	(ﷻ)	-100	2,466,782

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25- FINANCIAL INSTRUMENTS – ACCOUNTING CLASSIFICATIONS AND FAIR VALUES (CONTINUED)**25-4 Market risk (continued)****25-4-3 Capital management**

The Board of Directors' policy is to maintain a sufficient capital base to maintain investors, creditors, and market confidence and to sustain the future development of the business.

The Board of Directors monitors the capital based on the debt ratio.

This ratio is calculated based on (adjusted net debt) divided by (adjusted equity and adjusted net debt).

Net debt is calculated as total borrowings (including "short and long term" bank borrowings as shown in the statement of financial position) less cash and cash equivalents.

Adjusted equity is calculated as "equity" as described in the statement of financial position plus adjusted net debt.

The Company's strategy was to keep the adjusted debt-to-equity ratio adjusted to moderate limits. The debt ratios on 31 December were as follows:

	<u>2025</u>	<u>2024</u>
Total loans	<u>170,515,244</u>	224,325,122
Less: Cash and cash equivalents	<u>(7,266,287)</u>	(5,365,322)
Adjusted net debt (a)	<u>163,248,957</u>	218,959,800
Total equity	<u>291,025,676</u>	297,865,008
Adjusted equity and net debt (b)	<u>454,274,633</u>	516,824,808
Adjusted debt ratio from adjusted equity (a) / (b)	<u>36%</u>	<u>%42</u>

When managing the capital, the Company aims to protect the Company's ability to continue as a going concern as it can continue to provide returns to shareholders and other stakeholders.

The Company manages capital structure in the context of economic circumstances and the characteristics of the risks of principal assets. To maintain or adjust capital structure, the Company may adjust the dividends paid for shareholders and issue new shares.

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26- RELATED PARTY BALANCES AND TRANSACTIONS

In the ordinary course of its activities, the Company transacts business with related parties including companies owned by some shareholders, the Board of Directors, and key management personnel of the Company.

Related party transactions entered during the year, and related balances as included in the statement of financial position in the selling of finished products represented in preforms, plastic sheets of different sizes and weights, printed materials (labels), and packaging materials (shrink and stretch film). selling and buying raw materials, colors, and packaging with Hana Food Industries Company (Entity under common control of main shareholder) ultimate controlling shareholder for entities is the chairman. The following are the transactions and balances of related parties:

	For the year ended 31 December	
	2025	2024
<u>Transactions:</u>		
Sale of goods to Hana Food Industries Company (Net sales including VAT)	24,513,320	28,762,287
Purchases of goods from Hana Food Industries Company	--	50,400
<u>Key management remuneration:</u>		
Annual salaries, allowances, and remuneration for Key Management Personnel	3,718,401	3,431,583
Allowance to attend the meeting of the Company's Board of Directors and Committees	323,000	176,000
Board of Director's remunerations	810,000	130,000
Key Management Personnel End-of-Service Benefits	195,394	393,212
<u>Balances</u>		
Due from related parties included in trade receivables Hana Food Industries Company	24,577,429	27,566,266
Expected credit loss balance in trade receivables of Hana Food Industries Company	1,741,359	1,311,997
Key Management Personnel included in other receivables	273,030	319,485
Key Management Personnel End-of-Service Benefits	1,791,616	1,596,222
Allowance to attend meetings of the Company's Board of Directors and Committees included under accrued expense	263,000	332,000
Board of Directors remuneration included under accrued expenses	990,000	810,000

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27- SEGMENT INFORMATION

27-1 Basis for segmentation

The Company has the following strategic sectors, which are its operational sectors. These sectors offer different products and services and are managed separately because they require different technology and marketing strategies.

The following summary describes the operations of each reporting segment.

<u>Industry Group</u>	<u>Nature of segment's businesses</u>
Plastic bottles preform	The principal activity includes manufacturing and selling plastic preforms.
Plastic caps	The principal activity includes manufacturing and selling plastic caps.
Printing	The principal activity includes the manufacturing and selling of Packaging labels (flexible packaging) and self-adhesive stickers.
Packing and packaging	The principal activity includes manufacturing and selling of packing.

The Company's Chief Executive Officer reviews the internal management reports result of each department periodically.

Information related to each reportable segment is set out below. Segment profit / (Loss) before Zakat is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries:

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27- SEGMENT INFORMATION (CONTINUED)**27-2 Information about reporting segments**

Information related to each reportable segment is set out below.

(ﷲ)	Reporting segments				Total
	Plastic bottles perform segment	Plastic caps segment	Printing segment*	Packing segment*	
For the year ended 31 December 2025					
Sales	363,352,823	99,593,668	4,958,364	7,436,983	475,341,838
Cost of sales	(330,056,957)	(78,656,751)	(7,167,947)	(9,256,031)	(425,137,686)
Gross profit / (Loss)	33,295,866	20,936,917	(2,209,583)	(1,819,048)	50,204,152
Selling and distribution expenses	(10,533,896)	(4,808,339)	(398,635)	(629,612)	(16,370,482)
General and administrative expenses	(6,730,129)	(2,496,741)	(198,958)	(245,263)	(9,671,091)
Expected credit losses on trade receivables	(475,381)	(94,786)	--	--	(570,167)
Other income	184,810	91,723	4,398	3,890	284,821
Operating profit / (Loss)	15,741,270	13,628,774	(2,802,778)	(2,690,033)	23,877,233
Finance costs	(11,651,792)	(3,398,659)	(152,007)	(229,525)	(15,431,983)
Profit / (Loss) before zakat	4,089,478	10,230,115	(2,954,785)	(2,919,558)	8,445,250
As of 31 December 2025, Segments Machinery and equipment	66,227,458	20,492,604	15,087,103	17,104,104	118,911,269

*New Segments started operation in Q1 2025.

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27- SEGMENT INFORMATION (CONTINUED)**27-2 Information about reporting segments (continued)**

Information related to each reportable segment is set out below:

(ﷲ)	Reporting segments				
	Plastic bottles perform segment	Plastic caps segment	Printing segment	Packing segment	Total
For the year ended 31 December 2024					
Sales	445,319,940	99,368,080	--	--	544,688,020
Cost of sales	(408,871,068)	(75,206,214)	--	--	(484,077,282)
Gross profit	36,448,872	24,161,866	--	--	60,610,738
Selling and distribution expenses	(11,429,264)	(4,358,187)	--	--	(15,787,451)
General and administrative expenses	(8,223,227)	(1,551,696)	--	--	(9,774,923)
Expected credit losses on trade receivables	(2,869,432)	(476,772)	--	--	(3,346,204)
Other income	1,299,866	306,147	--	--	1,606,013
Operating profit	15,226,815	18,081,358	--	--	33,308,173
Finance costs	(16,820,515)	(3,174,061)	--	--	(19,994,576)
(Loss) / profit before zakat	(1,593,700)	14,907,297	--	--	13,313,597
As of 31 December 2024					
Machinery and equipment	72,974,818	28,240,870	--	--	101,215,688

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27- SEGMENT INFORMATION (CONTINUED)

27-2 Information about reporting segments (continued)

Segment profit (loss) before Zakat is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries:

The Company's sales in the local market and export sales are allocated as follows:

<u>Revenue for the year ended</u>	<u>Local sales</u>	<u>Export sales</u>	<u>Total sales</u>
31 December 2025	409,780,382	65,561,456	475,341,838
31 December 2024	462,349,180	82,338,840	544,688,020

Export sales are as follows:

	<u>For the year ended 31 December</u>	
	<u>2025</u>	<u>2024</u>
Yemen	54,723,875	72,798,208
Jordan	4,493,389	3,810,790
Kuwait	1,761,270	1,569,260
Bahrain	1,419,987	1,672,544
Tunisia	872,855	--
Sudan	859,561	455,119
Djibouti	651,674	--
Qatar	612,480	191,400
Emirates	166,365	399,474
Oman	--	1,374,706
Lebanon	--	67,339
Total export sales	65,561,456	82,338,840

The balances of the company's clients are distributed in the local and export markets as follows:

<u>Accounts receivables balance for the year ended</u>	<u>Trade receivables from local market customers</u>	<u>Trade receivables from export market customers</u>	<u>Total</u>
31 December 2025	160,152,235	30,493,807	190,646,042
31 December 2024	159,526,693	35,423,744	194,950,437

27-3 The main customer and supplier

As of 31 December 2025, sales of the main two customers of the Company represent 34.23 % in the amount of (ﷲ) 162,7 million (2024: 34.2% in the amount of (ﷲ) 186,3 million).

As of 31 December 2025, purchases from the major supplier of the Company represent 75.35 % amounting to (ﷲ) 252,9 million (31 December 2024: 80.62% amounting to (ﷲ) 355,8 million) of the Company's total purchases.

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28- FEES FOR AUDIT AND PROFESSIONAL CONSULTING

The Fees for Audit and Professional Consulting are as follows:

	For the year ended 31 December	
	2025	2024
- Audit and review fees of financial statements - RSM Allied Accountants for Professional Consulting.	--	465,000
- Audit and review fees of financial statements – KPMG.	800,000	--
- Annual declaration fees for the Zakat, Tax and Customs Authority - Ernst & Young Professional Services.	128,000	35,000
- Interest disclosure report fees under Article 71 of the Companies Law - KPMG .	45,000	--
- Interest disclosure report fees under Article 71 of Companies Law - RSM Allied Accountants for Professional Consulting.	--	15,000
- Fees for a report and procedures related to bad accounts receivable for the Zakat, Tax and Customs Authority - Dr. Mohammed Al-Amri & Co. BDO.	--	40,000
- Professional and advisory services fees for the Zakat, Tax and Customs Authority’s examination - Ernst & Young Professional Services.	63,000	37,000
- Fees for preparing a report on expected credit losses in trade receivables - AL Khurashi Professional Services- Q1.	30,000	--
- Fees for assistance in expected credit losses report on trade receivables - KPMG Professional Services for year ended 2024. *	67,500	45,000
	1,133,500	637,000

*Fees for assistance in preparing the expected credit losses report for trade receivables for the first quarter of 2025 and for the year ended 31 December 2024, which were reviewed by another auditor.

29- COMPARATIVE FIGURES

During the year ending 31 December 2025, the company has reclassified some comparative figures to align with the presentation of the current year. The reclassification had no impact on the profit or loss or on equity.

The reclassification of finance cost paid for short-term loans from financing activities to operating activities.

The reclassification of purchase of investments at fair value through profit or loss and proceeds from the sale of investments at fair value through profit or loss from investment activities to operating activities.

The table below illustrates the impact on the cash flow statement for the year ended 31 December 2024:

Statement of Cash flows	Impact of reclassification		
	Issued financial statements	Adjustments	Amended financial statements
Net cash flow generated from operating activities	86,080,206	(12,948,040)	73,132,166
Net cash flow used in investing activities	(12,659,742)	(1,427,219)	(14,086,961)
Net cash flow used in financing activities	(74,848,153)	14,375,259	(60,472,894)

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30- SUBSEQUENT EVENTS

Management believes that there are no significant subsequent events after the date of the financial statements and before the issuance of these statements that would require adjustment or disclosure, except for the following:

- 1- Legal case: This case relates to an objection submitted by the company regarding the Zakat assessment issued by the Zakat, Tax, and Customs Authority for the fiscal years 2019 and 2020, which included the addition of certain financing items and advance payments to the Zakat base. The appellate panel has reviewed the objections submitted by the company and the authority issued a decision to accept the appeal procedurally and confirm it, thereby resolving the disputes.
- 2- Geopolitical and Security Developments: The Middle East region has witnessed rapid geopolitical and security developments, leading to an increased level of instability in some regional markets.

Management has assessed these developments in accordance with the requirements of International Accounting Standard (IAS) 10 "Events after the Reporting Period", and concluded that these events are classified as non-adjusting subsequent events, as they arose from conditions that were not present at the date of the financial statements. Accordingly, they do not result in any adjustments to the balances or disclosures reported in the financial statements for the year ended 31 December 2025.

Based on the information available up to the date of approval of the financial statements, management has not identified any material indicators that could adversely affect the Company's ability to continue operating as a going concern. Management will continue to monitor the relevant developments and take appropriate actions when necessary.

31- APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved for issuance by the Board of Directors on 14 Ramdan 1447H (corresponding to 3 March 2026).