

**AL TAISEER GROUP TALCO INDUSTRIAL COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S
REPORT FOR THE YEAR ENDED 31 DECEMBER 2025**

Al Taiseer Group TALCO Industrial Company
(A Saudi Joint Stock Company)
Financial statements for the year ended 31 December 2025

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Independent auditor's report to the shareholders of Al Taiseer Group Talco Industrial Company

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Al Taiseer Group Talco Industrial Company (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, 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).

What we have audited

The Company's financial statements comprise:

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

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), endorsed in the Kingdom of Saudi Arabia (the "Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code's requirements.

PricewaterhouseCoopers Public Accountants
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Independent auditor’s report to the shareholders of Al Taiseer Group Talco Industrial Company (continued)

Our audit approach

Overview

| | |
|------------------|-----------------------|
| Key audit matter | • Revenue recognition |
|------------------|-----------------------|

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

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 to the shareholders of Al Taiseer Group Talco Industrial Company (continued)

Our audit approach (continued)

Key audit matters (continued)

| Key audit matter | How our audit addressed the Key audit matter |
|---|--|
| <i>Revenue recognition</i> For the year ended 31 December 2025, the Company’s revenue amounted to Saudi Riyals 780,015,043 (2024: Saudi Riyals 706,507,054). Revenue recognition is considered a key audit matter in view of the significance of the amount involved, the susceptibility of such revenue to misstatement and fraud risk and the fact that the Company’s management focuses on revenue as one of key performance measures and a driver for the business. <i>Refer to Note 2.18 for the accounting policy related to revenue recognition and Note 15 for the relevant disclosures.</i> | <p>Our audit procedures for revenue testing, among other procedures, included the following:</p> <ul style="list-style-type: none">• Obtained an understanding of the nature of revenue with customers to determine significant revenue streams;• Obtained an understanding of the significant revenue streams and identified and evaluated the relevant controls;• Considered the appropriateness and tested the consistency of the Company’s revenue recognition policies, while assessing their compliance with the applicable International Financial Reporting Standards, endorsed in the Kingdom of Saudi Arabia;• Tested on a sample basis transactions relating to revenue accounts and checked against the underlying supporting documents to assess revenue recognition compliance in accordance with IFRS 15, endorsed in the Kingdom of Saudi Arabia;• Inspected a sample of sales transactions recorded before and after the year-end to assess the appropriateness of recognition of revenue in the corresponding period; and• Assessed the adequacy and appropriateness of the related disclosures in the accompanying financial statements. |



Independent auditor's report to the shareholders of Al Taiseer Group Talco Industrial Company (continued)

Other information

Management is responsible for the other information. The other information comprises the information included in the Company's Annual Report, but does not include the financial statements and our auditor's report thereon, which 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 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 Company's Annual Report, 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 International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, and the applicable requirements of the Regulations for Companies and the 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, i.e. board of directors, are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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



Independent auditor's report to the shareholders of Al Taiseer Group Talco Industrial Company (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

- 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, 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.
- 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.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current 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.

PricewaterhouseCoopers


Bader Benmohareb
License No. 471

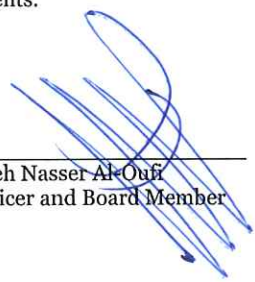
12 March 2026

Al Taiseer Group TALCO Industrial Company
(A Saudi Joint Stock Company)
Statement of financial position
(All amounts are in Saudi Riyals unless otherwise stated)

| | Note | As at 31 December | |
|--|------|--------------------|--------------------|
| | | 2025 | 2024 |
| Assets | | | |
| Non-current assets | | | |
| Property, plant and equipment | 3 | 100,656,951 | 103,748,240 |
| Right-of-use assets | 5 | 1,586,183 | 3,873,121 |
| Intangible assets | 4 | 564,056 | 731,302 |
| Total non-current assets | | 102,807,190 | 108,352,663 |
| Current assets | | | |
| Inventories | 9 | 138,740,458 | 115,995,689 |
| Trade receivables and other current assets | 8 | 356,955,826 | 377,931,841 |
| Short term bank deposits | 7 | 20,000,000 | - |
| Cash and cash equivalents | 6 | 141,532,958 | 80,917,629 |
| Total current assets | | 657,229,242 | 574,845,159 |
| Total assets | | 760,036,432 | 683,197,822 |
| Equity and liabilities | | | |
| Equity | | | |
| Share capital | 10 | 400,000,000 | 400,000,000 |
| Retained earnings | | 127,409,064 | 105,632,285 |
| Total equity | | 527,409,064 | 505,632,285 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Lease liabilities | 5 | 1,437,091 | 1,656,406 |
| Employees' benefit obligations | 12 | 29,578,443 | 25,941,546 |
| Total non-current liabilities | | 31,015,534 | 27,597,952 |
| Current liabilities | | | |
| Trade payables and other current liabilities | 13 | 189,569,671 | 135,346,399 |
| Lease liabilities | 5 | 219,318 | 2,371,201 |
| Zakat payable | 14 | 11,822,845 | 12,249,985 |
| Total current liabilities | | 201,611,834 | 149,967,585 |
| Total liabilities | | 232,627,368 | 177,565,537 |
| Total equity and liabilities | | 760,036,432 | 683,197,822 |

The accompanying notes from 1 through 27 form an integral part of these financial statements.


Assem EzzElarab
Chief Financial Officer


Suliman Saleh Nasser Al-Oufi
Chief Executive Officer and Board Member

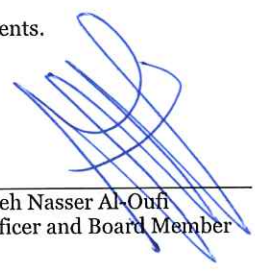
Al Taiseer Group TALCO Industrial Company
(A Saudi Joint Stock Company)
Statement of profit or loss
(All amounts are in Saudi Riyals unless otherwise stated)

| | Note | For the year ended 31 December | |
|--|------|-----------------------------------|--------------------|
| | | 2025 | 2024 |
| Sales | 15 | 780,015,043 | 706,507,054 |
| Cost of sales | 16 | (610,837,703) | (547,613,957) |
| Gross profit | | 169,177,340 | 158,893,097 |
| Selling and distribution expenses | 17 | (21,497,050) | (18,197,946) |
| General and administrative expenses | 18 | (43,501,774) | (38,686,983) |
| Impairment losses on trade and other receivables | 8 | (17,862,315) | (5,246,033) |
| Other income | | 2,693,147 | 1,603,065 |
| Operating profit | | 89,009,348 | 98,365,200 |
| Finance cost | 19 | (4,005,905) | (3,468,825) |
| Profit before Zakat | | 85,003,443 | 94,896,375 |
| Zakat expense | 14 | (519,120) | (12,249,985) |
| Profit for the year | | 84,484,323 | 82,646,390 |
| Earnings per share from profit attributable to the shareholders of the Company: | | | |
| Basic and diluted earnings per share | 21 | 2.11 | 2.07 |

The accompanying notes from 1 through 27 form an integral part of these financial statements.



Assem EzzElarab
Chief Financial Officer



Suliman Saleh Nasser Al-Oufi
Chief Executive Officer and Board Member


Al Taiseer Group TALCO Industrial Company
(A Saudi Joint Stock Company)
Statement of comprehensive income
 (All amounts are in Saudi Riyals unless otherwise stated)

| | Note | For the year ended | |
|--|------|--------------------|-------------------|
| | | 31 December | |
| | | 2025 | 2024 |
| Profit for the year | | 84,484,323 | 82,646,390 |
| Other comprehensive income / (loss) | | | |
| <i>Items that will not be reclassified to profit or loss</i> | | | |
| Re-measurement of employees' benefit obligations | 12 | 1,292,456 | (454,595) |
| Other comprehensive income / (loss) for the year | | <u>1,292,456</u> | <u>(454,595)</u> |
| Total comprehensive income for the year | | <u>85,776,779</u> | <u>82,191,795</u> |

The accompanying notes from 1 through 27 form an integral part of these financial statements.



 Assem EzzElarab
 Chief Financial Officer



 Suliman Saleh Nasser Al-Qufi
 Chief Executive Officer and Board Member

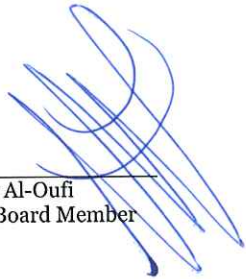
Al Taiseer Group TALCO Industrial Company
(A Saudi Joint Stock Company)
Statement of changes in equity
 (All amounts are expressed in Saudi Riyals unless otherwise stated)

| | Share capital | Retained earnings | Total equity |
|--|--------------------------|------------------------------|-------------------------|
| Balance at 1 January 2024 | 400,000,000 | 83,440,490 | 483,440,490 |
| Profit for the year | - | 82,646,390 | 82,646,390 |
| Other comprehensive loss | - | (454,595) | (454,595) |
| Total comprehensive income for the year | - | 82,191,795 | 82,191,795 |
| Dividends (Note 11) | - | (60,000,000) | (60,000,000) |
| Balance at 31 December 2024 | 400,000,000 | 105,632,285 | 505,632,285 |
| Balance at 1 January 2025 | 400,000,000 | 105,632,285 | 505,632,285 |
| Profit for the year | - | 84,484,323 | 84,484,323 |
| Other comprehensive income | - | 1,292,456 | 1,292,456 |
| Total comprehensive income for the year | - | 85,776,779 | 85,776,779 |
| Dividends (Note 11) | - | (64,000,000) | (64,000,000) |
| Balance at 31 December 2025 | 400,000,000 | 127,409,064 | 527,409,064 |

The accompanying notes from 1 through 27 form an integral part of these financial statements.



 Assem EzzElarab
 Chief Financial Officer



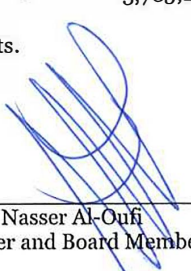
 Suliman Saleh Nasser Al-Oufi
 Chief Executive Officer and Board Member

Al Taiseer Group TALCO Industrial Company
(A Saudi Joint Stock Company)
Statement of cash flows
(All amounts are expressed in Saudi Riyals unless otherwise stated)

| | Note | For the year ended 31 December | |
|---|------|-----------------------------------|---------------------|
| | | 2025 | 2024 |
| Cash flow from operating activities: | | | |
| Profit before zakat | | 85,003,443 | 94,896,375 |
| Adjustments: | | | |
| Depreciation of property, plant and equipment | 3 | 21,350,968 | 20,021,273 |
| Amortisation of intangible assets | 4 | 167,246 | 239,683 |
| Depreciation of right-of-use assets | 5 | 2,286,938 | 2,294,582 |
| Impairment losses on trade and other receivables | 8 | 17,862,315 | 5,246,033 |
| Provision for slow moving and obsolete inventories | 9 | 847,122 | 967,475 |
| Employees' benefit expense | 12 | 2,660,567 | 2,571,855 |
| Finance cost on employees' benefit obligations | 19 | 3,316,420 | 2,793,175 |
| Finance cost arising from lease liabilities | 19 | 90,046 | 210,982 |
| Gain on termination of leases | 5 | - | (341,386) |
| Gain from sale of property, plant and equipment | | (78,260) | - |
| Changes in operating assets and liabilities: | | | |
| Trade receivables and other current assets | | 3,113,700 | (54,904,562) |
| Inventory | | (23,591,891) | 24,191,159 |
| Trade payables and other current liabilities | | 54,223,272 | (4,047,328) |
| Change in employees' benefit obligations | | 719,673 | 776,215 |
| Cash flows generated from operating activities | | 167,971,559 | 94,915,531 |
| Employees' benefit obligations paid | 12 | (1,767,307) | (2,373,675) |
| Zakat paid | 14 | (946,260) | (11,378,328) |
| Net cash generated from operating activities | | 165,257,992 | 81,163,528 |
| Cash flows from investing activities | | | |
| Additions to property, plant and equipment | 3 | (18,259,679) | (15,475,032) |
| Additions to intangible assets | 4 | - | (112,251) |
| Proceeds from sale of property, plant and equipment | 3 | 78,260 | 238,889 |
| Short term bank deposits | 7 | (20,000,000) | - |
| Net cash used in investing activities | | (38,181,419) | (15,348,394) |
| Cash flows from financing activities | | | |
| Dividends paid | 11 | (64,000,000) | (60,000,000) |
| Payment of lease liabilities | 5 | (2,371,198) | (2,074,677) |
| Payment of interest on lease liabilities | 5 | (90,046) | (210,982) |
| Net cash used in financing activities | | (66,461,244) | (62,285,659) |
| Net change in cash and cash equivalents | | 60,615,329 | 3,529,475 |
| Cash and cash equivalents at 1 January | | 80,917,629 | 77,388,154 |
| Cash and cash equivalents at 31 December | | 141,532,958 | 80,917,629 |
| Significant non-cash transactions: | | | |
| Right-of-use assets | 5 | - | 3,785,202 |
| Lease liabilities on right-of-use assets | 5 | - | 3,785,202 |

The accompanying notes from 1 through 27 form an integral part of these financial statements.


Assem Ezz Elarab
Chief Financial Officer


Suliman Saleh Nasser Al-Oufi
Chief Executive Officer and Board Member

Al Taiseer Group TALCO Industrial Company
(A Saudi Joint Stock Company)
Notes to the financial statements for the year ended 31 December 2025
(All amounts are expressed in Saudi Riyals unless otherwise stated)

1 General Information

Al Taiseer Group TALCO Industrial Company (the “Company”) (formerly known as Al Taiseer Aluminum TALCO Company) is a Saudi Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia under Commercial Registration (CR) No. 1010009737 dated 10 Jumada II 1396H (corresponding to 8 June 1976).

On 28 May 2024, the Company carried out a public offering of 12,000,000 shares at an offer price of Saudi Riyals (“SR”) 43 per share. The offering was closed on 29 May 2024 and the shares were listed on the Saudi Stock Exchange (Tadawul) on 13 June 2024.

The Company is engaged in the production and coverage of various aluminum profiles, manufacturing of doors, windows, glass building facades, aluminum and wooden kitchen units, and the production of marble kitchen surfaces.

The Company exercises its activities through the head office, its branches, and factories and outlets under the following sub-commercial registrations:

| | Location | Commercial Registration Date | C.R. No |
|---|-----------------|-------------------------------------|----------------|
| Factory of Al Taiseer Group TALCO Industrial Company Joint Stock | Riyadh | 10/6/1396H | 1010009737 |
| Factory of Al Taiseer Group TALCO Industrial Company Joint Stock | Jeddah | 9/2/1440H | 4030312086 |
| Factory of Al Taiseer Group TALCO Industrial Company Joint Stock | Riyadh | 14/5/1441H | 1010621235 |
| Factory of Gulf Polyester Powder Coating Company | Riyadh | 16/3/1412H | 1010086759 |
| Factory of Gulf Polyester Powder Coating Company | Jeddah | 2/3/1439H | 4030596375 |
| Factory Al Fattouh Company for Aluminum Accessories and Insulation Yarn | Riyadh | 16/3/1412H | 1010086760 |
| Outlet of Gulf Polyester Powder Coating Company | Jeddah | 2/3/1439H | 4030596375 |
| Outlet of Gulf Polyester Powder Coating Company | Dammam | 2/3/1439H | 2050235804 |
| Outlet of Gulf Polyester Powder Coating Company | Riyadh | 16/3/1412H | 1010086759 |
| Outlet of Gulf Polyester Powder Coating Company | UAE - Sharjah | 24/6/1420H | 68988 |
| Outlet of Al Fattouh Company for Aluminum Accessories and Insulation Yarn | Riyadh | 16/3/1412H | 1010086760 |
| Outlet of Al Fattouh Company for Aluminum Accessories and Insulation Yarn | Dammam | 18/8/1443H | 2050156157 |

The Company’s registered office is located at the following address:

Industrial Area II, Al-Kharj Road, P.O Box 6416, Riyadh 11442, Kingdom of Saudi Arabia.

2 Material accounting policies

The material accounting policies set out below have been applied in preparing these financial statements, and these policies are applied consistently over all the presented periods, unless otherwise stated.

2.1 Basis of preparation

2.1.1 Statement of compliance

These financial statements of the Company have been prepared 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”).

2.1.2 Historical cost convention

The financial statements are prepared under the historical cost convention, except for employees defined benefit liability, which is measured using the projected unit credit method.

Al Taiseer Group TALCO Industrial Company
(A Saudi Joint Stock Company)
Notes to the financial statements for the year ended 31 December 2025
(All amounts are expressed in Saudi Riyals unless otherwise stated)

2 Material accounting policies (continued)

2.2 New Standards, Amendments to Standards, and Interpretations

The following standard, amendment and interpretation apply for the first time to financial reporting period commencing on or after 1 January 2025:

| Title | Key requirements | Effective Date |
|---|---|-----------------------|
| Lack of exchangeability – Amendment to IAS 21 | An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations. | 1 January 2025 |

The above amendment did not have a material impact on the Company's financial statements.

Standards, interpretations and amendments issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2025 reporting year and have not been early adopted by the Company. The standards, interpretations and amendments issued that are relevant to the Company but are not yet effective:

| Title | Key requirements | Effective Date |
|--|--|-----------------------|
| Classification and Measurement of Financial Instruments - Amendment to IFRS 9 and IFRS 7 | These amendments: <ul style="list-style-type: none"> clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system; clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion; add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI). | 1 January 2026 |
| IFRS 18 – Presentation and Disclosure in Financial Statements | The new standard on presentation and disclosure in financial statements, require more focus on updates to the Statement of profit or loss. The key new concepts introduced in IFRS 18 relate to: <ul style="list-style-type: none"> the structure of the Statement of profit or loss; required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. | 1 January 2027 |

Al Taiseer Group TALCO Industrial Company
(A Saudi Joint Stock Company)
Notes to the financial statements for the year ended 31 December 2025
(All amounts are expressed in Saudi Riyals unless otherwise stated)

2 Material accounting policies (continued)

2.2 New Standards, Amendments to Standards, and Interpretations (Continued)

Standards, interpretations and amendments issued but not yet effective (Continued)

| Title | Key requirements | Effective Date |
|--|---|-----------------------|
| Annual Improvements to IFRS Accounting Standards – Volume 11 | The IASB has made the following improvements in September 2024: IFRS 1, ‘First-time Adoption of International Financial Reporting’ – to improve consistency between IFRS 1 and IFRS 9, ‘Financial Instruments’, in relation to the requirements for hedge accounting, and to improve the understandability of IFRS 1; IFRS 7, ‘Financial Instruments: Disclosures’ – to improve consistency in the language used in IFRS 7 with the language used in IFRS 13, ‘Fair Value Measurement’; IFRS 9 – to clarify how a lessee accounts for the derecognition of a lease liability when it is extinguished, and to address an inconsistency between IFRS 9 and IFRS 15, ‘Revenue from Contracts with Customers’, in relation to the term ‘transaction price’; IFRS 10, ‘Consolidated Financial Statements’ – to clarify the requirements in relation to determining de facto agents of an entity; and IAS 7, ‘Statement of Cash Flows’ – to replace the term ‘cost method’ with ‘at cost’, since the term is no longer defined in IFRS Accounting Standards. | 1 January 2026 |

The management is in the process of assessing the impact of these standards, amendments or interpretations on future periods and on foreseeable future transactions.

2.3 Functional and presentation currency

These financial statements are presented in Saudi Riyals (SR), which is the Company’s functional and presentation currency.

2.4 Significant judgments and estimates

While preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the recognized amounts of the Company’s assets, liabilities, revenues and expenses. Actual results may differ from these estimates. The estimates and associated assumptions are constantly reviewed. Adjustments resulting from the revision of estimates are recognised prospectively. Information about uncertain assumptions and estimates that have a significant risk that of resulting in a material adjustment in the year ended 31 December 2025 is included in the following notes:

Significant estimates

- Note 2.5: Estimate of the useful lives of properties, plant and equipment
- Note 2.11: Estimate of impairment of trade receivables and other current assets
- Note 2.14: Estimate of employee’s benefit obligations: key actuarial assumptions

Significant judgments

- Note 2.7: Determination of the lease term

Judgements and estimates are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will seldom equal the related actual results.

2 Material accounting policies (continued)

2.5 Property, plant and equipment

Initial recognition

Property, plant and equipment are recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the property, plant and equipment will flow to the Company, and the cost of the asset can be measured reliably. Property, plant and equipment are recognised and measured initially at cost, net of accumulated depreciation and impairment losses, if any. Cost includes the fair value of the consideration given to acquire the asset (net of discounts and rebates) and any directly attributable cost, such as site preparation cost, delivery, installation costs, relevant professional fees and the estimated cost of dismantling and removing the asset and restoring the site (to the extent that such cost is recognised as a provision). When parts of property, plant and equipment are significant in cost in comparison to the total cost of the item and such parts have a useful life different than other parts, the Company recognises such parts as individual assets and depreciates them accordingly.

Subsequent measurement

The Company adopts the cost model to measure the entire classes of property, plant and equipment. After recognition as an asset, an item of property, plant and equipment is carried as its cost less accumulated depreciation and impairment losses, if any.

Subsequent expenditure

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Depreciation

Useful lives are determined by management based on the expected usage of the asset, expected physical wear and tear, technical and commercial obsolescence, legal and similar limits on the use of the assets and other similar factors. Depreciation is calculated on a straight-line basis over the below useful lives and is recognised in the statement of profit or loss:

| Category | Useful life (Years) |
|------------------------|--------------------------------|
| Buildings | 13 to 33 |
| Trucks | 4 |
| Plant and equipment | 4 to 20 |
| Leasehold improvements | 5 |
| Aluminum casting molds | 2 |
| Furniture and fixtures | 4 to 7 |

The leasehold improvements are depreciated using expected useful live which is not exceeded the specified rental period of the leased asset.

De-recognition

Property, plant and equipment are derecognised when it has been disposed or no future economic benefits are expected to arise from its use or disposal. Gains or losses arising from de-recognition of an item of property, plant and equipment is included in the statement of profit or loss at the time the item is derecognised.

Entities must consider many factors in determining the useful life of assets, including obsolescence from changes in market demand and other economic factors. This estimation of the useful life of assets is a matter of judgment. Entities should consider disclosing if there are any estimation uncertainties related to the effects of any risk on the useful lives of assets. An example might be where there are multiple potential outcomes, some of which could significantly shorten the asset's life compared to the scenario with the highest probability used in determining useful life.

2 Material accounting policies (continued)

2.6 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles are not capitalized, and the related expenditure is reflected in statement of profit or loss in the year in which the expenditure is incurred. The estimated useful lives of intangible assets are as follows:

| Category of intangible assets | Useful life (Years) |
|--------------------------------------|--------------------------------|
| Software | 5 |

Intangible assets with finite lives are amortized on a straight-line basis over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization useful life and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization useful life or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognized upon disposal (i.e. at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the intangible asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

2.7 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right of use assets representing the right to use the underlying assets.

Right of use assets

The Company recognizes a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The Company recognizes a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Right of use assets are depreciated using the straight-line method from the lease commencement date to the earlier end of the useful life of the right of use assets or the end of the lease term. The estimated useful lives of right of use assets are determined on the same basis as those of property, plant and equipment. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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2 Material accounting policies (continued)

2.7 Leases (continued)

Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined.

Lease payments included in the measurement of the lease liabilities comprise the following:

- Fixed payments, including in-substance fixed payments.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or to not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of staff accommodation, the following factors are normally the most relevant:

- If there are significant penalty payments to terminate (or not extend), the Company is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Company is typically reasonably certain to extend (or not terminate).
- Otherwise, the Company considers other factors, including historical lease durations and the costs and business disruption required to replace the leased asset.

2.8 Impairment of non-financial assets

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used such as valuation multiples (including earnings multiples), quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Company bases its impairment calculation on detailed projections which are prepared separately for each of the CGU to which the individual assets are allocated. These projections are generally covering a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

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

2.9 Inventories

Inventory includes raw materials, semi finished goods, finished goods, packaging materials, and spare parts that are recorded at the lower of cost or net realizable value, with appropriate provisions for any obsolete or slow moving items. Semi finished goods and finished goods inventory include direct materials, direct labors and an appropriate proportion of fixed and variable indirect expenses.

Costs are assigned to the items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value is considered as the estimated selling price in ordinary course of business, less estimated costs to completion and the estimated costs necessary to complete the sale.

2 Material accounting policies (continued)

2.10 Foreign currencies

Transactions in foreign currencies are initially recorded at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at these financial statements reporting date for the Company. All differences arising on settlement or translation of monetary items are taken to the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction and are not subsequently restated. Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of a gain or loss on change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognized in other comprehensive income and of profit or loss within the statement of profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Company initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Company determines the transaction date for each payment or receipt of advance consideration.

2.11 Financial instruments

Accounts receivable issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes party to the contractual provisions of the instrument. A financial asset (unless it is accounts receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. Accounts receivable without a significant financing component is initially measured at the transaction price.

On initial recognition, a financial asset is classified as measured at amortised cost, fair value through other profit or loss (FVOCI) or fair value through profit or loss (FVTPL).

The classification of debt financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of accounts receivable that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Accounts receivable that does not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be measured at amortised cost, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at the instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchase or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date i.e. the date that the Company commits to purchase or sell the asset.

The Company has implemented following classifications for its financial assets:

| Financial statement line item | IFRS 9 classification |
|--|------------------------------|
| Trade receivables and other current assets | Amortised cost |
| Short term bank deposits | Amortised cost |
| Cash and cash equivalents | Amortised cost |

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2 Material accounting policies (continued)

2.11 Financial instruments (continued)

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

- Financial assets at amortised cost
- Financial assets designated at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost

The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in statement of profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets measured at amortised cost include trade receivables and other current assets, short-term bank deposits and cash and cash equivalents.

Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flow from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risk and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of 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 amortized cost and FVOCI.

For trade receivables, 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 are 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.

The financial assets, other than trade receivables, of the Company are categorized as follows:

- a) **Performing:** these represent the financial assets where customers have a low risk of default and a strong capacity to meet contractual cash flows. Less than 30 days past due balances do not result in significant increase in credit risk and are considered as performing.

The Company measures the loss allowance for performing financial assets at an amount equal to 12-month expected credit losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime. 12-month expected credit losses are the portion of expected credit losses that results from default events on the financial assets that are possible within 12 months after the reporting date.

- b) **Underperforming:** these represent the financial assets where there is a significant increase in credit risk and that is presumed if the customer is more than 30 days past due in making a contractual payment.

The Company measures the loss allowance for underperforming financial assets at an amount equal to lifetime expected credit losses.

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2 Material accounting policies (continued)

2.11 Financial instruments (continued)

Impairment of financial assets (continued)

- c) Non-performing: these represent defaulted financial assets. A default on a financial asset is considered when the customer fails to make a contractual payment / installment within 90 days after they fall due.

The Company measures the loss allowance for non-performing financial assets at an amount equal to lifetime expected credit losses.

A credit loss is calculated as the present value (at effective profit rate) of the difference between:

- a) The contractual cash flows that are due to the Company under the contract; and
b) The cash flows that the Company expects to receive.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Classification of financial liabilities

The Company classifies its financial liabilities including long term borrowings, and trade and other payables, all financial liabilities are recognized initially at fair value and in the cost of loans and borrowings and payables net of transactions cost.

Accounts and other payables represent liabilities for goods or services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured. These are recognised initially at fair value.

Derecognition

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

2.12 Cash and cash equivalents

For the purpose of presentation of the statement of cash flows, cash and cash equivalents include cash on hand, bank balances, short-term deposits, call deposits and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash, and which are not subject to significant risk of changes in value.

2.13 Dividends distribution

The Company establishes the obligations related to paying the cash dividends to the Company's shareholders when approving the distribution. According to the Regulations for Companies, dividends are approved upon approval by the Shareholders at the Annual General Assembly or based on the delegation from the General Assembly to the board of directors to distribute interim dividends. The corresponding amount is directly recognized in equity.

2.14 Employees' benefits

Employee defined benefit liabilities

The Company operates a defined benefit scheme for its employees in accordance with labor regulations applicable in the Kingdom of Saudi Arabia. Employee's end of service benefits provision is calculated annually by actuaries in accordance with the projected unit credit method. Actuarial gains and losses are recognized in full in the year in which they occur in statement of profit or loss. Re-measurements are not reclassified to profit and loss in subsequent years.

2 Material accounting policies (continued)

2.14 Employees' benefits (continued)

Past service costs are recognized in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date on which the Company recognizes related restructuring costs.

Finance cost is calculated by applying the discount rate to the net defined benefit liability. The Company recognizes the following changes in the net defined benefit obligation under 'cost of revenue, 'general and administrative expenses' and 'selling and distribution expenses' in the statement of profit or loss (by function).

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements, and
- Net finance cost or income

Other short-term and long-term employee benefits

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave in the year in which the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service. Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

2.15 Trade payables and other current liabilities

Trade payables and other current liabilities are obligations on the basis of normal credit terms and do not bear interest. Trade payables denominated in a foreign currency are translated into Saudi Riyals ("SR") using the exchange rate at the reporting date, if any. Foreign exchange gains or losses are included in other income or other expenses.

2.16 Zakat and value added tax (VAT)

Zakat

The Company is subject to zakat in accordance with the regulations of the Zakat, Tax and Customs Authority ("ZATCA"). Provision for zakat for the Company is charged to the statement of profit or loss. Additional amounts payable, if any, when it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Value added tax ("VAT")

Expenses and assets are recognised net of the amount of value added tax, except:

- When the value of added tax incurred on a purchase of assets or services is not recoverable from the ZATCA, in which case, the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and
- When receivables and payables are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to, the ZATCA is included as part of receivables or payables in the statement of financial position.

2.17 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

2 Material accounting policies (continued)

2.17 Provisions (continued)

If the effect of the time value of money is material, provisions are discounted using a current rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. If the Company has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Company recognises any impairment loss that has occurred on assets dedicated to that contract. An onerous contract is a contract under which the unavoidable costs (i.e. the costs that the Company cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e. both incremental costs and an allocation of costs directly related to contract activities).

2.18 Recognition of revenue from contracts with customers

The Company recognises revenue from the sale of forming and aluminum products, metal coating powders, and aluminum accessories. Revenue is measured based on the consideration specified in a contract with a customer, excluding discounts and rebates.

For all product types (aluminum products, metal coating powders, and aluminum accessories), the Company recognises revenue when it satisfies a performance obligation by transferring control of the promised item to the customer, which occurs at a point in time upon delivery of the product to the customer's specified location or upon collection by the customer at the Company's site. The transportation of goods to customers is not considered a separate performance obligation due to the timing of the transfer of control being at delivery. The Company's products are uncustomised, therefore, the right to payment arises only upon delivery when control transfers to the customer.

A receivable is recognised when the goods are delivered, since this is the point in time when the consideration becomes unconditional, as only the passage of time is required before payment is due. For sales made on credit terms, the Company does not identify a significant financing component as the contractual credit period is typically less than one year. Occasionally the Company receives payment in advance and this is deferred as a liability on the statement of financial position until performance occurs.

Occasionally the Company requests that customers fund the purchase of moulds the Company requires to manufacture products they have ordered. These moulds are nonetheless generic and represent assets of the Company that can be used to also service other customers. The customer is refunded the moulds advance to the extent that they meet minimum purchase commitments over a specified period. As a result, this moulds advance received is actually variable consideration relating to the purchase of product under IFRS 15. In practice, customers rarely fail to meet minimum purchase commitments and, even when they do fall short, this only becomes apparent fairly near the end of the specified period because the specified periods are short. Consequently, variable consideration is rarely anticipated in advance.

The Company takes advantage of the expedient to not account for time value of money when payment and performance are within 12 months of each other and it does not capitalise contract acquisition costs where the contract lasts less than a year.

2.19 Other revenues

All other revenues are recognized on an accrual basis when the Company's right to earn the revenues is established.

2.20 Cost of sales

Production costs and direct manufacturing expenses are classified as cost of sales. This includes raw material, direct labors, depreciation and other related general indirect costs. This also includes share of the related common overheads.

2.21 Selling and distribution expenses

This includes any costs incurred to execute or facilitate all sale transactions in the Company. These costs typically include salaries of the sales employees, costs of managing the exhibitions, marketing and distribution expenses, and logistics expenses as well as commissions, fees and the like. This includes share of the related general common costs.

2 Material accounting policies (continued)

2.22 General and administrative expenses

This relates to operating expenses that are not directly related to the production or sale of the Company's products. This includes share of the related general common costs.

Common expenses between direct cost, selling and distribution expenses, and general and administrative expenses, when required, are allocated on a consistent basis.

2.23 Finance cost

The finance cost consists of other bank commissions that an entity incurs in connection with issuing letters of guarantee and credit and other transactions and interest on the employee's end-of-service benefits according to IAS 19 'Employee Benefits', and interest expenses on lease liabilities in accordance with IFRS 16 'Leases'.

2.24 Contingent liabilities

They are liabilities that are likely to arise from past events and will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events and do not fall within the full control of the Company, or a present obligation arising from past events that are not recorded because it is unlikely that there will be a need for flow of resources embodying economic benefits to settle the obligation.

If the amount of the obligation cannot be measured with sufficient reliability, then the Company does not recognize contingent liabilities but discloses them in the financial statements.

2.25 Foreign currency translations

Transactions in foreign currency are translated into Saudi Riyal at the rate of exchange ruling at the date of those transactions. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are retranslated into Saudi Riyal at the rate of exchange ruling at the year-end. Gain or loss arising from foreign currency payment or translations are recognized in the statement of profit or loss.

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3 Property, plant and equipment

| | Buildings | Trucks | Plant and equipment | Leasehold improvements | Aluminum casting molds | Furniture and fixtures | Total |
|--|--------------------|------------------|----------------------------|-------------------------------|-------------------------------|-------------------------------|--------------------|
| Cost | | | | | | | |
| Balance at the beginning of the year 2024 | 109,357,298 | 8,405,627 | 361,110,026 | 1,301,312 | 91,879,669 | 15,389,382 | 587,443,314 |
| Additions | 215,335 | 700,143 | 3,984,429 | - | 9,993,087 | 582,038 | 15,475,032 |
| Disposals | - | (70,713) | (2,187,778) | - | (1,633) | (65,080) | (2,325,204) |
| Balance at the end of the year 2024 | 109,572,633 | 9,035,057 | 362,906,677 | 1,301,312 | 101,871,123 | 15,906,340 | 600,593,142 |
| Additions | 164,914 | 17,411 | 6,507,520 | - | 10,999,148 | 570,686 | 18,259,679 |
| Disposals | - | (472,600) | - | - | - | - | (472,600) |
| Balance at the end of the year 2025 | 109,737,547 | 8,579,868 | 369,414,197 | 1,301,312 | 112,870,271 | 16,477,026 | 618,380,221 |
| Accumulated depreciation | | | | | | | |
| Balance at the beginning of the year 2024 | 74,863,189 | 7,702,616 | 299,676,300 | 1,206,097 | 82,882,979 | 12,578,763 | 478,909,944 |
| Charge for the year | 1,883,135 | 343,534 | 7,219,952 | 32,878 | 9,510,216 | 1,031,558 | 20,021,273 |
| Disposals | - | (70,696) | (1,986,320) | - | (417) | (28,882) | (2,086,315) |
| Balance at the end of the year 2024 | 76,746,324 | 7,975,454 | 304,909,932 | 1,238,975 | 92,392,778 | 13,581,439 | 496,844,902 |
| Charge for the year | 1,882,806 | 428,421 | 7,698,676 | 32,788 | 10,201,427 | 1,106,850 | 21,350,968 |
| Disposals | - | (472,600) | - | - | - | - | (472,600) |
| Balance at the end of the year 2025 | 78,629,130 | 7,931,275 | 312,608,608 | 1,271,763 | 102,594,205 | 14,688,289 | 517,723,270 |
| Net book value: | | | | | | | |
| Balance at the end of the year 2024 | 32,826,309 | 1,059,603 | 57,996,745 | 62,337 | 9,478,345 | 2,324,901 | 103,748,240 |
| Balance at the end of the year 2025 | 31,108,417 | 648,593 | 56,805,589 | 29,549 | 10,276,066 | 1,788,737 | 100,656,951 |

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3 Property, plant and equipment (continued)

Depreciation charge for the year has been allocated as follows:

| | As at 31 December | |
|---|--------------------------|-------------|
| | 2025 | 2024 |
| Cost of sales (Note 16) | 20,605,084 | 19,374,679 |
| General and administration expenses (Note 18) | 745,884 | 646,594 |
| | 21,350,968 | 20,021,273 |

4 Intangible assets

| | As at 31 December | |
|--|--------------------------|-------------|
| | 2025 | 2024 |
| Cost | | |
| Balance at the beginning of the year | 2,011,692 | 1,899,441 |
| Additions | - | 112,251 |
| Balance at the end of the year | 2,011,692 | 2,011,692 |
| Accumulated amortization | | |
| Balance at the beginning of the year | (1,280,390) | (1,040,707) |
| Amortization for the year | (167,246) | (239,683) |
| Balance at the end of the year | (1,447,636) | (1,280,390) |
| Net carrying amount as at the end of the year | 564,056 | 731,302 |

The above intangible assets represent cost of accounting and operating software systems.

5 Right of use assets and lease liabilities

The Company has leases for buildings (Outlets, residential buildings and storages) used as office premises. The Company depreciates these contracts over the lease term on a straight-line basis.

The statement of financial position included the following amounts relating to leases:

| | As at 31 December | |
|----------------------------|--------------------------|-------------|
| | 2025 | 2024 |
| Right-of-use assets | | |
| Buildings | 1,586,183 | 3,873,121 |
| | 1,586,183 | 3,873,121 |
| Lease liabilities | | |
| Non-current | 1,437,091 | 1,656,406 |
| Current | 219,318 | 2,371,201 |
| | 1,656,409 | 4,027,607 |

5.1 Right of use assets

Set out below are the carrying amounts of right of use assets recognized and the movements during the year:

| | As at 31 December | |
|---|--------------------------|-------------|
| | 2025 | 2024 |
| Cost | | |
| Balance at the beginning of the year | 9,403,044 | 9,537,727 |
| Additions | - | 3,785,202 |
| Disposals | - | (3,919,885) |
| Balance at the end of the year | 9,403,044 | 9,403,044 |
| Accumulated depreciation | | |
| Balance at the beginning of the year | (5,529,923) | (6,009,286) |
| Disposals | - | 2,773,945 |
| Depreciation charge for the year | (2,286,938) | (2,294,582) |
| Balance at the end of the year | (7,816,861) | (5,529,923) |
| Net carrying amount at the end of the year | 1,586,183 | 3,873,121 |

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5 Right of use assets and lease liabilities (Continued)

5.1 Right of use assets (Continued)

Depreciation charge for the year has been allocated as follows:

| | As at 31 December | |
|---|--------------------------|-------------|
| | 2025 | 2024 |
| Cost of sales (Note 16) | 1,688,951 | 1,671,564 |
| General and administration expenses (Note 18) | 597,987 | 623,018 |
| Balance at the end of the year | 2,286,938 | 2,294,582 |

5.2 Lease liabilities

Set out below are the carrying amounts of lease liabilities recognized and the movements during the year:

| | As at 31 December | |
|--|--------------------------|-------------|
| | 2025 | 2024 |
| Balance at the beginning of the year | 4,027,607 | 3,804,408 |
| Additions | - | 3,785,202 |
| Disposals | - | (1,487,326) |
| Repayment during the year | (2,461,244) | (2,285,659) |
| Interest expense during the year (Note 19) | 90,046 | 210,982 |
| Balance at the end of the year | 1,656,409 | 4,027,607 |
| Current | 219,318 | 2,371,201 |
| Non-current | 1,437,091 | 1,656,406 |
| Balance at the end of the year | 1,656,409 | 4,027,607 |

The following are the amounts recognized in the statement of profit or loss:

| | As at 31 December | |
|--|--------------------------|-------------|
| | 2025 | 2024 |
| Depreciation expense of right-of-use assets | (2,286,938) | (2,294,582) |
| Finance costs on lease liabilities | (90,046) | (210,982) |
| Gain on termination of leases | - | 341,386 |
| Total amount recognized in profit or loss | (2,376,984) | (2,164,178) |

Below is the undiscounted lease payments schedule:

| | As at 31 December | |
|---------------------------|--------------------------|-------------|
| | 2025 | 2024 |
| Within the next 12 months | 294,525 | 2,461,245 |
| Between 2 and 5 years | 1,357,425 | 1,465,425 |
| Beyond 5 years | 309,038 | 531,563 |
| | 1,960,988 | 4,458,233 |

The statement of cash flows included the following amounts relating to leases:

| | As at 31 December | |
|---|--------------------------|-------------|
| | 2025 | 2024 |
| Payment of lease liabilities | (2,371,198) | (2,074,677) |
| Payment of interest on lease liabilities | (90,046) | (210,982) |
| Significant non-cash transactions: | | |
| Right-of-use assets | - | 3,785,202 |
| Lease liabilities on right-of-use assets | - | 3,785,202 |

6 Cash and cash equivalents

| | As at 31 December | |
|---------------|--------------------------|-------------|
| | 2025 | 2024 |
| Cash on hand | 242,108 | 133,298 |
| Cash at banks | 141,290,850 | 80,784,331 |
| | 141,532,958 | 80,917,629 |

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7 Short term bank deposits

Short-term bank deposits represent time deposits placed with Alinma Bank with original maturities of six months.

8 Trade receivables and other current assets

| | As at 31 December | |
|---|--------------------------|--------------|
| | 2025 | 2024 |
| Trade receivables* | 306,684,287 | 318,032,721 |
| Impairment losses on trade receivables (Note 8.1) / (Note 23) | (33,575,531) | (29,991,207) |
| Net trade receivables | 273,108,756 | 288,041,514 |
| Notes receivables | 72,477,505 | 85,227,500 |
| Impairment losses on notes receivable (Note 8.2) / (Note 23) | (22,366,650) | (8,088,659) |
| Net notes receivable** | 50,110,855 | 77,138,841 |
| Advances to suppliers*** | 21,930,010 | 8,095,929 |
| Prepaid expenses | 7,235,548 | 2,245,150 |
| Other receivables | 4,570,657 | 2,410,407 |
| | 356,955,826 | 377,931,841 |

* Trade receivables are amounts due from customers for credit sales of goods. While still legally enforceable, they are generally less formal than notes receivable and rely on standard collection practices. These are generally provided to customers with a stronger credit profile than notes receivable customers.

** Notes receivable are similar to trade receivables but involve a written agreement specifying the terms of payment. These notes are legally enforceable, providing the Company with stronger legal recourse in the event of non-payment.

*** Advances to suppliers include advance payments for property, plant and equipment not yet received as at 31 December 2025, classified as advances to suppliers.

8.1 The movement in impairment losses on trade receivables is as follows:

| | As at 31 December | |
|---------------------------------------|--------------------------|-------------|
| | 2025 | 2024 |
| Balance at the beginning of the year | 29,991,207 | 25,346,381 |
| Provided during the year | 3,584,324 | 4,644,826 |
| Balance at the end of the year | 33,575,531 | 29,991,207 |

8.2 The movement in impairment losses on notes receivable is as follows:

| | As at 31 December | |
|---------------------------------------|--------------------------|-------------|
| | 2025 | 2024 |
| Balance at the beginning of the year | 8,088,659 | 7,487,452 |
| Provided during the year | 14,277,991 | 601,207 |
| Balance at the end of the year | 22,366,650 | 8,088,659 |

The total impairment losses on trade receivables and notes receivable in the statement of profit or loss during the year is as follows:

| | As at 31 December | |
|--|--------------------------|-------------|
| | 2025 | 2024 |
| Impairment losses on trade receivables | 3,584,324 | 4,644,826 |
| Impairment losses on notes receivables | 14,277,991 | 601,207 |
| Balance at the end of the year | 17,862,315 | 5,246,033 |

The Company applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all receivables.

The Company allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of loss (including but not limited to audited financial statements, management accounts and cash flow projections) and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of loss.

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8 Trade receivables and other current assets (continued)

8.2 The movement in impairment losses on notes receivable is as follows: (continued)

Exposures within each credit risk grade are segmented by customer classification and an expected credit loss rate is calculated for each segment based on delinquency status and actual credit loss experience. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables.

9 Inventories

| | As at 31 December | |
|--|--------------------------|-------------|
| | 2025 | 2024 |
| Finished goods | 13,901,100 | 15,046,450 |
| Raw materials | 105,227,433 | 84,585,647 |
| Semi finished goods | 9,197,568 | 7,022,993 |
| Spare parts | 12,342,914 | 10,527,486 |
| Packing and packaging materials | 690,889 | 585,437 |
| | 141,359,904 | 117,768,013 |
| Less: Provision for slow moving and obsolete items | (2,619,446) | (1,772,324) |
| | 138,740,458 | 115,995,689 |

- a) The cost of revenues in the statement of profit or loss for the year ended 31 December 2025 includes inventory cost amounting to SR 518,671,364 (2024: SR 458,614,086).
- b) The movement in provision for slow moving inventories during the year is as follows:

| | As at 31 December | |
|---------------------------------------|--------------------------|-------------|
| | 2025 | 2024 |
| Balance at the beginning of the year | 1,772,324 | 804,849 |
| Charge for the year | 847,122 | 967,475 |
| Balance at the end of the year | 2,619,446 | 1,772,324 |

The provision for slow-moving inventories has been recognized in accordance with the Company's policy, considering the aging of inventory and the nature of the aluminum material. The inventory provision consists mainly of slow moving raw materials, which are used in the Company's production processes.

10 Share capital

As at 31 December 2025 and 2024, authorised, issued and fully paid capital comprises 40 million shares of SR 10 each.

11 Dividends

On 25 June 2025 the Extraordinary General Assembly approved to pay cash dividends amounting SR 64 million (SR 1.6 per share) for the fiscal year 2024 to the Company's shareholders, each according to their share in the Company, which were paid on 13 July 2025.

The dividend per share is as follows:

| | As at 31 December | |
|---------------------------------|--------------------------|-------------|
| | 2025 | 2024 |
| Dividends declared | 64,000,000 | 60,000,000 |
| Number of outstanding shares | 40,000,000 | 40,000,000 |
| Total dividend per share | 1.6 | 1.5 |

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12 Employees' benefit obligations

The Company operates a defined benefit plan in line with the Labour Law requirement in the Kingdom of Saudi Arabia. The end of service benefit payments under the plan are based on the employees' final salaries and allowances and their cumulative years of service at the date of their termination of employment, as defined by the conditions stated in the Labor Law of the Kingdom of Saudi Arabia. Employees' end of service benefit plans are unfunded plans and the benefit payment obligations are met when they due.

| | As at 31 December | |
|---|--------------------------|--------------|
| | 2025 | 2024 |
| Balance at the beginning of the year | 38,171,237 | 35,907,990 |
| Current service cost | 2,660,567 | 2,571,855 |
| Interest expense | 2,116,420 | 1,610,472 |
| Paid during the year | (1,767,307) | (2,373,675) |
| Actuarial (gains) / losses recognized in other comprehensive income | (1,292,456) | 454,595 |
| Balance at the end of the year | 39,888,461 | 38,171,237 |
| Less: advances paid to employees from their end of service | (10,310,018) | (12,229,691) |
| Net balance at the end of the year | 29,578,443 | 25,941,546 |

Expense recognized in the statement of profit or loss:

| | As at 31 December | |
|---|--------------------------|-------------|
| | 2025 | 2024 |
| Current service cost | 2,660,567 | 2,571,855 |
| Discounting of the advances paid to employees from their end of service | 1,200,000 | 1,182,703 |
| Interest cost | 2,116,420 | 1,610,472 |
| | 5,976,987 | 5,365,030 |

All changes in employees' defined benefits obligations are recognized in profit or loss, except for actuarial gains and losses which are recognized in other comprehensive income.

The most recent actuarial valuation was performed by an independent qualified actuary using the projected unit credit method.

The main assumptions used for the purposes of the actuarial valuation are as follows:

| | As at 31 December | |
|--------------------|--------------------------|-------------|
| | 2025 | 2024 |
| Discount rate | 5.1 | 5.6 |
| Salary growth rate | 4.9 | 5.0 |
| Withdrawal rate | 5.1 | 5.3 |

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12 Employees' benefit obligations (continued)

Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the principal assumptions used is as follows:

Impact on the balance of the defined benefit obligations in 2025

| | Change | Increase in assumption | Decrease in assumption |
|--------------------|---------------|-------------------------------|-------------------------------|
| Discount rate | 1% | 37,261,768 | 42,897,953 |
| Salary growth rate | 1% | 43,077,468 | 37,055,510 |
| Withdrawal rate | 10% | 39,808,599 | 39,973,369 |

Impact on the balance of the defined benefit obligations in 2024

| | Change | Increase in assumption | Decrease in assumption |
|--------------------|---------------|-------------------------------|-------------------------------|
| Discount rate | 1% | 35,825,360 | 41,316,989 |
| Salary growth rate | 1% | 41,488,830 | 35,627,599 |
| Withdrawal rate | 10% | 38,311,455 | 38,466,625 |

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to happen, and changes in some assumptions may be related to others. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied when calculating the defined benefit obligation recognized in the statement of financial position.

The weighted average duration of the defined benefit obligation is 10 years (2024: 10.5 years).

| | Less than one year | 1–2 years | 3–5 years | Over 5 years | Total |
|-------------------------|---------------------------|-------------------|-------------------|---------------------|-------------------|
| 31 December 2025 | 1,847,963 | 11,098,347 | 10,663,990 | 19,113,087 | 42,723,387 |
| 31 December 2024 | 2,131,762 | 8,847,856 | 12,439,967 | 19,388,821 | 42,808,406 |

13 Trade payables and other current liabilities

| | As at 31 December | |
|-------------------------|--------------------------|--------------------|
| | 2025 | 2024 |
| Letters of credit | 51,811,520 | 40,466,517 |
| Advances from customers | 7,300,710 | 6,129,656 |
| Trade payables | 112,892,237 | 69,357,669 |
| Accrued expenses | 16,888,965 | 16,880,064 |
| Other payables | 676,239 | 2,512,493 |
| | 189,569,671 | 135,346,399 |

14 Zakat payable

Zakat status and VAT

The Company has submitted its Zakat returns up until the year ended 31 December 2024 with the Zakat, Tax and Customs Authority ("ZATCA").

The Company has been reviewed by ZATCA for the years from the commencement of its activities up to 2024. During the year, the related Zakat assessments were finalised, which resulted in the settlement of Zakat obligations and the reversal of excess provisions previously recognised. The net impact of these movements has been reflected in the Zakat charge for the year.

For the year ended 31 December 2025, the Company recorded Zakat payable amounting to SR 11,822,845 (2024: SR 12,249,985) based on the Zakat base in accordance with the Zakat, Tax and Customs Authority regulations in the Kingdom of Saudi Arabia.

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14 Zakat payable (continued)

Zakat status and VAT (continued)

Movement in provision for Zakat for the year ended 31 December 2025 and 2024 is as follows:

| | As at 31 December | |
|---------------------------------------|--------------------------|--------------|
| | 2025 | 2024 |
| Balance at the beginning of the year | 12,249,985 | 11,378,328 |
| Payments made during the year | (946,260) | (11,378,328) |
| Reversal of zakat provision | (11,303,725) | - |
| Provision for the year | 11,822,845 | 12,249,985 |
| Balance at the end of the year | 11,822,845 | 12,249,985 |

Zakat charge for the year is based on the Zakat base, which has the following significant components:

| | As at 31 December | |
|--|--------------------------|---------------|
| | 2025 | 2024 |
| Share capital | 400,000,000 | 400,000,000 |
| Profits carried forward | 41,632,285 | 23,440,490 |
| Carrying amount of long-term assets - net | (102,807,190) | (108,352,663) |
| Provisions | 47,648,171 | 64,143,426 |
| Lease liabilities and advances from customers (more than 360 days due) | 1,437,091 | 6,531,463 |
| Profit for the year | 85,003,443 | 94,896,375 |
| Zakat base | 472,913,800 | 480,659,091 |

15 Sales

| | 2025 | 2024 |
|----------------------------|--------------------|-------------|
| Aluminum forming sales | 691,564,575 | 616,411,851 |
| Metal coating powder sales | 54,973,848 | 55,467,254 |
| Aluminum accessories sales | 33,476,620 | 34,627,949 |
| | 780,015,043 | 706,507,054 |

Performance obligations

Information about the Company's performance obligations is summarized below:

| Type of product | Nature and timing of satisfaction of performance obligations | Revenue recognition under IFRS 15 |
|------------------------|---|--|
| Sales of goods | Performance obligation is satisfied at a point in time. | Revenue is recognized when control of goods is transferred to customers. |

16 Cost of sales

| | 2025 | 2024 |
|---|--------------------|-------------|
| Raw materials and movements in inventory | 518,671,364 | 458,614,086 |
| Salaries and employees' related benefits | 39,381,017 | 36,707,113 |
| Depreciation of property, plant and equipment | 20,605,084 | 19,374,679 |
| Manufacturing expenses | 12,640,052 | 14,080,128 |
| Utilities | 8,684,749 | 7,561,356 |
| Depreciation of right-of-use assets | 1,688,951 | 1,671,564 |
| Water | 1,312,969 | 1,368,912 |
| Others | 7,853,517 | 8,236,119 |
| | 610,837,703 | 547,613,957 |

The Company focuses on the development of various applications and machinery for increasing the production capacity and efficiency, and launching new product lines. The cost incurred for 2025 amounting to SR 4.2 million (2024: SR 6.8 million) on research and development which were not eligible for capitalization has been expensed and included in cost of sales.

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17 Selling and distribution expenses

| | 2025 | 2024 |
|--|-------------------|-------------|
| Salaries and employees' related benefits | 11,270,736 | 9,839,028 |
| Cargo charges | 5,903,682 | 4,820,364 |
| Advertisement and publicity | 1,768,950 | 1,590,492 |
| Other | 2,553,682 | 1,948,062 |
| | 21,497,050 | 18,197,946 |

18 General and administrative expenses

| | 2025 | 2024 |
|---|-------------------|-------------|
| Salaries and employees' related benefits | 31,290,898 | 30,092,527 |
| Professional fees | 4,856,410 | 2,199,276 |
| Insurance | 844,801 | 722,250 |
| Depreciation of property, plant and equipment | 745,884 | 646,594 |
| Depreciation of right-of-use assets | 597,987 | 623,018 |
| Repair and maintenance | 577,102 | 336,177 |
| Printing and stationery | 547,532 | 264,838 |
| Offering and listing expenses | - | 173,951 |
| Amortization of intangible assets (Note 4) | 167,246 | 239,683 |
| Other | 3,873,914 | 3,388,669 |
| | 43,501,774 | 38,686,983 |

Auditor's remuneration for the statutory audit and quarterly reviews of the Company's financial statements for the year ended 31 December 2025 amounted to SR 890,000 (2024: SR 880,000) and other related services amounted to SR 50,000 (2024: SR 50,000).

19 Finance costs

| | 2025 | 2024 |
|---|------------------|-------------|
| Interest on employees' defined benefit obligation (Note 12) | 2,116,420 | 1,610,472 |
| Discounting of the advances paid to employees from their end of service | 1,200,000 | 1,182,703 |
| Net foreign exchange loss | 599,439 | 464,668 |
| Interest on lease liabilities (Note 5) | 90,046 | 210,982 |
| | 4,005,905 | 3,468,825 |

20 Segment reports

The Company's activities include a number of sectors as follows:

- Aluminum forming and selling sector

The Company specializes in designing, manufacturing, and marketing a diverse range of aluminum products, including extrusions, various coatings (anodized, powder-coated, PVDF), wood-finished aluminum (real wood, Effecta, film sublimation), and thermal break products.

- Metal coating powder sector

The Company produces and markets a wide range of thermoset powder coatings, including polyester, epoxy, super durable, and metallic powders.

- All other segments

All other comprises smaller or individually unreportable businesses and operate in the aluminum accessories field where the Company designs, manufactures, and markets various accessories, including weatherstrips, polypropylene yarn, rubber gaskets, plastic components, bags, sheets, and wrapping films.

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20 Segment reports (continued)

The Company's Chief Executive Officer (Chief Operating Decision Maker) reviews internal management reports on monthly basis. The operating results of its business units are monitored separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements.

| | For the year ended 31 December 2025 | | | | |
|--|--|--|--|-------------------------------|---------------|
| | Aluminum forming and selling sector | Metal coating powder sector | Total reportable segments | All other segments | Total |
| Total segment revenue | 693,869,938 | 64,730,512 | 758,600,450 | 37,160,332 | 795,760,782 |
| Inter-segment revenue | (2,305,363) | (9,756,664) | (12,062,027) | (3,683,712) | (15,745,739) |
| Revenue from external customers | 691,564,575 | 54,973,848 | 746,538,423 | 33,476,620 | 780,015,043 |
| Cost of sales | (546,122,504) | (25,039,524) | (571,162,028) | (17,314,087) | (588,476,115) |
| Depreciation of property and equipment and right-of-use assets | (20,145,779) | (2,804,554) | (22,950,333) | (687,573) | (23,637,906) |
| Amortization of intangible assets | (119,179) | (32,345) | (151,524) | (15,722) | (167,246) |
| Expenses | (43,437,249) | (12,327,608) | (55,764,857) | (7,790,403) | (63,555,260) |
| Expected credit losses | (17,354,163) | (408,417) | (17,762,580) | (99,735) | (17,862,315) |
| Other income | 2,573,159 | 67,833 | 2,640,992 | 52,155 | 2,693,147 |
| Finance costs | (3,160,946) | (424,033) | (3,584,979) | (420,926) | (4,005,905) |
| Profit before Zakat | 63,797,914 | 14,005,200 | 77,803,114 | 7,200,329 | 85,003,443 |
| Total assets | 654,360,899 | 82,783,059 | 737,143,958 | 22,892,474 | 760,036,432 |
| Total liabilities | 218,880,631 | 6,886,534 | 225,767,165 | 6,860,203 | 232,627,368 |

| | For the year ended 31 December 2024 | | | | |
|--|--|--|--|-------------------------------|---------------|
| | Aluminum forming and selling sector | Metal coating powder sector | Total reportable segments | All other segments | Total |
| Total segment revenue | 619,327,206 | 69,857,686 | 689,184,892 | 38,877,770 | 728,062,662 |
| Inter-segment revenue | (2,915,355) | (14,390,432) | (17,305,787) | (4,249,821) | (21,555,608) |
| Revenue from external customers | 616,411,851 | 55,467,254 | 671,879,105 | 34,627,949 | 706,507,054 |
| Cost of sales | (482,172,032) | (25,971,500) | (508,143,532) | (18,424,182) | (526,567,714) |
| Depreciation of property and equipment and right-of-use assets | (18,822,248) | (2,814,998) | (21,637,246) | (678,609) | (22,315,855) |
| Amortization of intangible assets | (182,887) | (38,867) | (221,754) | (17,929) | (239,683) |
| Expenses | (36,864,971) | (10,915,001) | (47,779,972) | (7,595,662) | (55,375,634) |
| Expected credit losses | (4,890,311) | (273,531) | (5,163,842) | (82,191) | (5,246,033) |
| Other income | 1,503,165 | 3,357 | 1,506,522 | 96,543 | 1,603,065 |
| Finance costs | (2,428,214) | (648,766) | (3,076,980) | (391,845) | (3,468,825) |
| Profit before Zakat | 72,554,353 | 14,807,948 | 87,362,301 | 7,534,074 | 94,896,375 |
| Total assets | 568,229,215 | 87,589,818 | 655,819,033 | 27,378,789 | 683,197,822 |
| Total liabilities | 158,290,872 | 12,860,890 | 171,151,762 | 6,413,775 | 177,555,537 |

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20 Segment reports (continued)

The information by geographical distribution is as follows:

| | Inside Kingdom of Saudi Arabia | Outside Kingdom of Saudi Arabia | Total |
|--|---|--|--------------------|
| For the year ended 31 December 2025 | | | |
| Sales | 530,354,881 | 249,660,162 | 780,015,043 |
| | | | |
| For the year ended 31 December 2024 | | | |
| Sales | 520,318,922 | 186,188,132 | 706,507,054 |

The Company has identified geographic location as a factor for segment reporting. The reportable segments are based on the regions where the Company operates. Each segment's performance and financial position are evaluated based on its activities within these geographic regions, with management regularly reviewing the financial reports to assess regional performance.

According to geographical distribution, below are the balances of the sales for the most important foreign markets:

| | 2025 | 2024 |
|-----------------|--------------------|-------------|
| Oman | 68,469,631 | 64,379,094 |
| UAE | 106,772,613 | 51,460,734 |
| Kuwait | 18,858,859 | 18,235,246 |
| Bahrain | 16,156,018 | 14,404,398 |
| Egypt | 205,592 | 2,354,434 |
| Iraq | 5,133,623 | 4,808,203 |
| Lebanon | 127,172 | 1,651,950 |
| Other countries | 33,936,654 | 28,894,073 |
| | 249,660,162 | 186,188,132 |

21 Earnings per share – basic and diluted

The earnings per share is calculated by dividing the profit for the year ended 31 December 2025 and 2024, by the number of shares as follows:

| | 2025 | 2024 |
|--|-------------------|-------------|
| Profit for the year | 84,484,323 | 82,646,390 |
| Weighted average number of outstanding ordinary shares (share) | 40,000,000 | 40,000,000 |
| Basic and diluted earnings per share | 2.11 | 2.07 |

22 Transactions and balances with related parties

(a) *Related party transactions*

| Related party | Nature of relationship | Nature of transaction | 2025 | 2024 |
|------------------------|-----------------------------------|----------------------------------|------------------|-------------|
| RAL Investment Company | An other related party | Rental payments | 1,850,000 | 1,850,000 |

The lease transaction is classified as a long-term lease and is presented as such in the Statement of Financial Position under the right of use assets and lease liabilities, in accordance with IFRS 16.

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22 Transactions and balances with related parties (continued)

(b) *Balances with related parties*

| Related party | Recognized under | As at 31 December | |
|------------------------|---|--------------------------|-------------|
| | | 2025 | 2024 |
| RAL Investment Company | Due to a related party included in other payables | 233 | 541,033 |

Transactions with the related party are conducted under contracts and terms approved by the board of directors. The Company deals with the related party within the ordinary course of business.

(c) *Transactions with Key Management Personnel*

| | 2025 | 2024 |
|---|-------------------|-------------|
| Board and its Committees' expenses and allowances | 2,323,834 | 2,052,000 |
| Short-term employees' benefits | 10,859,861 | 10,930,848 |
| Post-employees' benefits | 1,133,611 | 940,539 |
| | 14,317,306 | 13,923,387 |

23 Financial instruments

The Company is exposed to the following risks as a result of its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk
- Currency risk

Key management is responsible for risk management. Financial instruments carried on the statement of financial position include cash and cash equivalents, trade receivables and notes receivable, due to related parties, trade payables and other current liabilities. The particular recognition methods used in the accounting policies related to each item are disclosed. Financial assets and liabilities are offset and net amounts reported in the statement of financial position, when the Company has a legally enforceable right to set off the recorded amounts, or it intends either to settle on a net basis, or to recognize the asset and settle the liability simultaneously.

Market risk

Market risk is the risk that arises from changes in market prices, such as currency rates and interest rates that will affect the Company's profit 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 the return.

No interest rate sensitivity risk is presented as there are no borrowings as at the reporting date.

Currency risk

The Company is exposed to currency risk on sales, purchases that are denominated in a currency other than the functional currency of the Company, which is in Saudi Riyals.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

Transactions in the foreign currencies represented in (Euro and GBP) are minimal.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and will cause the other party to incur a financial loss. The Company seeks to manage its credit risk with respect to customers by setting credit limits for individual customers and by monitoring outstanding receivables.

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23 Financial instruments (continued)

Credit risk (continued)

The carrying value of financial assets represents the maximum value to which a financial asset could be exposed to credit risk as at the statement of financial position date at the end of the year, as follows:

| Financial assets at amortized cost | Impairment model | 2025 | 2024 |
|---|-------------------------|--------------------|-------------|
| Cash and cash equivalents | General | 141,532,958 | 80,917,629 |
| Short term bank deposits | General | 20,000,000 | - |
| Trade receivables and other receivables | Simplified | 412,898,007 | 416,011,707 |
| | | 574,430,965 | 496,929,336 |

Credit risks on trade receivable and bank balances are limited to the following:

Cash and cash equivalents

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

The credit risk on bank balances is low with good credit ratings (in the range of A+ to BBB+) as aligned from external credit rating companies such as Moody's and Fitch, so concentration risk is also low.

The Company's financial assets, rated within the A+ to BBB+ range, are classified as Stage 1 under IFRS 9, reflecting low credit risk, with a 12-month ECL applied. The expected credit loss on cash and cash equivalents is immaterial.

Trade receivables and notes receivable

The Company is exposed to credit risk 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 business industry and countries in which customers operate.

Management has established a credit policy according to which the creditworthiness of each new customer is analyzed before the Company establishes its terms and conditions for payment and supply.

The Company limits its exposure to credit risk from trade receivables and notes receivable by setting maximum collection limits and credit limits for its customers.

Amounts written-off still subject to enforcement activity

No receivables written off during 2025 are subject to enforcement activity.

Changes in assumptions including incorporation of forward-looking information

The Company incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. The Company has used gross domestic product (GDP) growth rate and inflation as their key macroeconomic factors giving equal weightages to each.

The average credit losses of trade receivables of wide range of customers with shared risk characteristics at the Company level is a reasonable estimate of the probability weighted amount.

Further, the Company has also considered different scenarios with the different weightage and concluded that the current level of provision is sufficient to cover the related credit risk in compliance with the requirements of IFRS 9.

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23 Financial instruments (continued)

Credit risk (continued)

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at the end of the year 2025 and 2024:

| | Internal Credit rating | 31 December 2025 | | | 31 December 2024 | | |
|---|---------------------------|-----------------------------|--------------------------|-----------------------|-----------------------------|--------------------------|-----------------------|
| | | Gross carrying amount | Weighted average loss | Loss allowance (%) | Gross carrying amount | Weighted average loss | Loss allowance (%) |
| Not yet due | Performing | 189,031,634 | 685,866 | 0.4% | 195,691,272 | 480,977 | 0.2% |
| Less than 3 months | Under performing | 45,474,036 | 1,022,813 | 2% | 48,547,367 | 529,927 | 1% |
| More than 3 months and less than 6 months | Non-performing | 10,476,375 | 865,751 | 8% | 15,923,526 | 532,559 | 3% |
| More than 6 months and less than 9 months | Non-performing | 9,101,139 | 1,447,458 | 16% | 9,212,520 | 911,238 | 10% |
| More than 9 months and less than one year | Non-performing | 1,877,903 | 474,666 | 25% | 5,394,118 | 801,578 | 15% |
| Greater than one year | Non-performing | 50,723,200 | 29,078,977 | 57% | 43,263,918 | 26,734,928 | 62% |
| Total | | 306,684,287 | 33,575,531 | | 318,032,721 | 29,991,207 | |

The following table provides also information about the exposure to credit risk and ECLs for notes receivable as at the end of the year 2025 and 2024:

| | Internal Credit rating | 31 December 2025 | | | 31 December 2024 | | |
|---|---------------------------|-----------------------------|--------------------------|-----------------------|-----------------------------|--------------------------|-----------------------|
| | | Gross carrying amount | Weighted average loss | Loss allowance (%) | Gross carrying amount | Weighted average loss | Loss allowance (%) |
| Not yet due | Performing | 43,274,179 | 77,161 | 0.2% | 58,517,001 | 328,383 | 1% |
| Less than 3 months | Under performing | 4,300,799 | 53,829 | 1% | 13,831,802 | 498,033 | 4% |
| More than 3 months and less than 6 months | Non-performing | 277,207 | 17,676 | 6% | 1,052,851 | 162,402 | 15% |
| More than 6 months and less than one year | Non-performing | 29,523 | 6,680 | 23% | 30,628 | 8,433 | 28% |
| Greater than one year | Non-performing | 24,595,797 | 22,211,304 | 90% | 11,795,218 | 7,091,408 | 60% |
| Total | | 72,477,505 | 22,366,650 | | 85,227,500 | 8,088,659 | |

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23 Financial instruments (continued)

Credit risk (continued)

In monitoring customer credit risk, customers are grouped according to their credit characteristics (including the type of customer such as retail, etc.), trading history with the Company and existence of previous financial difficulties. As at 31 December 2025 and 31 December 2024 the exposure to credit risks for trade receivables by types of customers was as follows:

| Credit risk concentration by gross carrying amount | As at 31 December | |
|---|--------------------------|-------------|
| | 2025 | 2024 |
| Forming and aluminum | 276,975,649 | 286,476,974 |
| Metal coating powder | 22,801,717 | 23,640,816 |
| All other segments | 6,906,921 | 7,914,931 |
| | 306,684,287 | 318,032,721 |

Concentration of credit risk by geography

The information by geographical distribution is as follows:

| As at the year ended 31 December 2025 | Inside | Outside | Total |
|--|--------------------------------|--------------------------------|--------------------|
| | Kingdom of Saudi Arabia | Kingdom of Saudi Arabia | |
| Trade receivables | 192,588,767 | 114,095,520 | 306,684,287 |
| Notes receivables | 53,196,330 | 19,281,175 | 72,477,505 |

| As at the year ended 31 December 2024 | Inside | Outside | Total |
|--|--------------------------------|--------------------------------|--------------|
| | Kingdom of Saudi Arabia | Kingdom of Saudi Arabia | |
| Trade receivables | 228,906,722 | 89,125,999 | 318,032,721 |
| Notes receivable | 63,822,620 | 21,404,880 | 85,227,500 |

According to geographical distribution, below are the balances of the receivables for the most important foreign markets:

a) *Trade receivables*

| | 2025 | 2024 |
|-----------------|--------------------|-------------|
| Oman | 29,119,875 | 22,010,333 |
| UAE | 45,510,796 | 32,391,521 |
| Kuwait | 8,871,119 | 10,618,622 |
| Bahrain | 7,449,049 | 4,961,264 |
| Egypt | 8,569,085 | 9,884,440 |
| Iraq | 568,273 | 1,764,549 |
| Lebanon | 233,727 | 5,342,127 |
| Other countries | 13,773,596 | 2,153,143 |
| | 114,095,520 | 89,125,999 |

b) *Notes receivable*

| | 2025 | 2024 |
|-----------------|-------------------|-------------|
| UAE | 1,299,396 | 4,191,798 |
| Kuwait | 3,183,484 | 2,992,446 |
| Egypt | 13,486,393 | 14,220,636 |
| Other countries | 1,311,902 | - |
| | 19,281,175 | 21,404,880 |

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23 Financial instruments (continued)

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 stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Liquidity risk is the difficulties that the Company will encounter in raising funds to meet commitments related to financial instruments. Liquidity risk may result from the inability to sell financial assets quickly at an amount close to its fair value.

The Company manages liquidity risk by maintaining the level of its cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities (other than trade payables) over the next 90 days. The Company also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables and ensures that bank facilities are available.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are based on the gross undiscounted amount.

The following are the contractual maturities of non-derivative financial liabilities:

| 31 December 2025 | Contractual cash flows | | | |
|--|-------------------------------|-------------------------|------------------------------|-----------------------|
| | Carrying amount | Less than 1 year | Between 2 and 5 years | Beyond 5 years |
| Trade payables and other current liabilities | 189,569,438 | 189,569,438 | - | - |
| Due to related parties | 233 | 233 | - | - |
| Lease liabilities | 1,656,409 | 294,525 | 1,357,425 | 309,038 |
| | 191,226,080 | 189,864,196 | 1,357,425 | 309,038 |

| 31 December 2024 | Contractual cash flows | | | |
|--|-------------------------------|-------------------------|------------------------------|-----------------------|
| | Carrying amount | Less than 1 year | Between 2 and 5 years | Beyond 5 years |
| Trade payables and other current liabilities | 134,805,366 | 134,805,366 | - | - |
| Due to related parties | 541,033 | 541,033 | - | - |
| Lease liabilities | 4,027,607 | 2,461,245 | 1,465,425 | 531,563 |
| | 139,374,006 | 137,807,644 | 1,465,425 | 531,563 |

Liquidity risk is managed by monitoring on a regular basis and ensuring that sufficient funds are available to meet the Company's future liabilities.

Capital management

Share capital represents equity attributable to the shareholders of the Company. The Company objectives when managing capital are to safeguard its ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other beneficiaries and maintain an optimal capital structure. The management policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain future development of the business. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. The management monitors the return on capital, and also monitors the level of dividends to the shareholders. There were no changes in the Company approach in capital management during the year.

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23 Financial instruments (continued)

Capital management (continued)

The Company's debt ratio to adjusted capital at the end of the financial reporting period was as follows:

| | <u>2025</u> | <u>2024</u> |
|--------------------------------------|----------------------|--------------|
| Total liabilities | 232,627,368 | 177,565,537 |
| Less: Cash and cash equivalents | (141,532,958) | (80,917,629) |
| Net debt (a) | 91,094,410 | 96,647,908 |
| Total equity (b) | 527,409,064 | 505,632,285 |
| Net debt ratio from equity (a) / (b) | 17% | 19% |

24 Financial instruments by category

Financial instruments have been categorized as follows:

| | <u>2025</u> | <u>2024</u> |
|---|--------------------|-------------|
| Financial assets not measured at fair value | | |
| Cash and cash equivalents | 141,532,958 | 80,917,629 |
| Short term bank deposits | 20,000,000 | - |
| Trade receivables and other current assets | 327,790,268 | 367,590,762 |
| Total financial assets | 489,323,226 | 448,508,391 |
| | <u>2025</u> | <u>2024</u> |
| Financial liabilities not measured at fair value | | |
| Trade payables and other current liabilities | 182,268,961 | 129,216,743 |
| Amounts due to related parties | 233 | 541,033 |
| Total financial liabilities | 182,269,194 | 129,757,776 |

Fair value of financial assets and liabilities which are measured at amortized cost are not significantly different from their carrying amount.

25 Commitments and other disclosures

Other disclosures

The Company has an outstanding bank letter of guarantee of SR 10 million as of 31 December 2025 (31 December 2024: SR 10 million), issued by a local bank in favor of the Zakat, Tax and Customs Authority in relation to customs duties on imported goods.

Capital commitments

As at 31 December 2025, the Company has no capital commitments (31 December 2024: nil).

26 Subsequent events

No significant events have arisen subsequent to the year-end that could have a significant effect on the financial statements as of 31 December 2025.

27 Approval of financial statements

The financial statements have been approved by the Board of Directors on 9 March 2026.