

NATIONAL ENVIRONMENTAL RECYCLING COMPANY
A SAUDI JOINT STOCK COMPANY

INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025
AND INDEPENDENT AUDITOR'S REVIEW REPORT

NATIONAL ENVIRONMENTAL RECYCLING COMPANY
A SAUDI JOINT STOCK COMPANY
INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
AND INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025

INDEX	PAGE
- Independent auditor's review report	1
- Interim condensed statement of financial position	2
- Interim condensed statement of profit or loss and other comprehensive income	3
- Interim condensed statement of changes in equity	4
- Interim condensed statement of cash flows	5
- Notes to the Interim condensed financial statements	6 - 11

Independent auditor's review report on the interim condensed financial statements

To the Shareholders of National Environmental Recycling Company

A Saudi Joint Stock Company
Riyadh, Kingdom of Saudi Arabia

Introduction

We have reviewed the accompanying interim condensed statement of financial position of National Environmental Recycling Company (Joint Stock Company) (the "Company") as at 31 March 2025, and the related interim condensed statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the three-month period then ended, and other explanatory notes.

Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard (IAS 34) "Interim Financial Reporting", as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements (2410), 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Other matter

The comparative information for the interim condensed statement of profit and loss and other comprehensive income, interim condensed statement of changes in equity and interim condensed statement of cash flows for the three-month period ended 31 March 2024 and related explanatory notes, have not been audited or reviewed.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

Alzoman, Alfahad & Alhajjaj Professional Services

Zaher Abdullah Al Hajjaj
Certified Public accountant
License no. (562)

Riyadh, Kingdom of Saudia Arabia

Date : 16 Thul-Qi'dah 1446
Corresponding to: 14 May 2025



NATIONAL ENVIRONMENTAL RECYCLING COMPANY
A SAUDI JOINT STOCK COMPANY
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2025
ALL AMOUNTS ARE IN SAUDI RIYALS UNLESS OTHERWISE STATED

	Notes	31 March 2025 (Unaudited)	31 December 2024 (Audited)
Assets			
Non-current assets			
Property, plant and equipment		162,050,355	155,292,894
Right of use assets		4,559,776	4,987,732
Total non - current assets		166,610,131	160,280,626
Current assets			
Inventories	5	166,796,703	163,409,855
Trade receivables	6	93,591,069	51,822,512
Prepayments and other receivables		52,020,720	28,786,347
Cash and cash equivalents	7	5,617,809	16,493,223
Total current assets		318,026,301	260,511,937
Total assets		484,636,432	420,792,563
Equity and liabilities			
Equity			
Share capital	8	116,160,000	116,160,000
Treasury shares		(4,000,000)	(4,000,000)
Statutory reserve		10,040,024	10,040,024
Share based payment reserve		404,026	404,026
Share premium		67,838,889	67,838,889
Retained earnings		66,017,811	47,743,261
Total equity		256,460,750	238,186,200
Liabilities			
Non-current liabilities			
Loans and borrowings	9/A	30,707,405	26,744,986
Employees benefits obligations		2,262,857	2,093,309
Lease liabilities		2,193,424	2,331,436
Total non - current liabilities		35,163,686	31,169,731
Current liabilities			
Short-term loans	9/B	156,141,117	127,704,144
Loans and borrowings-current portion	9/A	12,489,576	10,924,775
Lease liabilities		1,510,406	1,458,805
Trade payables		5,924,358	1,938,654
Accrued expenses and other liabilities		13,086,856	6,364,826
Zakat provision	10	3,859,683	3,045,428
Total current liabilities		193,011,996	151,436,632
Total liabilities		228,175,682	182,606,363
Total equity and liabilities		484,636,432	420,792,563

Chairman of Board of Directors

Eyad Abdulaziz Alnafei

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Managing Director

Nasser bin Mohammed Al-Dueb

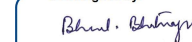
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Chief Financial Officer

Bharat Bhatnagar

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The accompanying notes from 1 to 17 form an integral part of these interim condensed financial statements.

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NATIONAL ENVIRONMENTAL RECYCLING COMPANY

A SAUDI JOINT STOCK COMPANY

INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)


FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025

ALL AMOUNTS ARE IN SAUDI RIYALS UNLESS OTHERWISE STATED

	Note	For the three-month period ended 31 March,	
		2025 (Unaudited)	2024 (Unaudited and Unreviewed)
Revenue		267,543,614	200,671,131
Cost of revenue		(239,074,088)	(188,931,603)
Gross profit		28,469,526	11,739,528
General and administrative expenses		(4,882,902)	(2,273,520)
Expected credit loss	6	(1,196,809)	(126,000)
Operating profit		22,389,815	9,340,008
Other income, net		670	753,745
Finance cost		(3,301,680)	(1,417,066)
Profit before zakat		19,088,805	8,676,687
Zakat	10	(814,255)	(600,000)
Profit for the period		18,274,550	8,076,687
Other comprehensive income			
Other comprehensive income for the period		-	-
Total comprehensive income for the period		18,274,550	8,076,687
Earnings per share for the period:	12		
Basic		0.16	0.14
Diluted		0.16	0.14

Chairman of Board of Directors

Eyad Abdulaziz Alnafe'i

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Managing Director

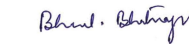
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Chief Financial Officer

Bharat Bhatnagar

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NATIONAL ENVIRONMENTAL RECYCLING COMPANY

A SAUDI JOINT STOCK COMPANY

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY


FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025

ALL AMOUNTS ARE IN SAUDI RIYALS UNLESS OTHERWISE STATED

	Share Capital	Treasury Shares	Statutory Reserve	Share-based Payment Reserve	Share Premium	Retained Earnings	Total Equity
Balance as at 1 January 2025 (Audited)	116,160,000	(4,000,000)	10,040,024	404,026	67,838,889	47,743,261	238,186,200
Net profit for the period	-	-	-	-	-	18,274,550	18,274,550
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	18,274,550	18,274,550
Balance as at 31 March 2025 (Unaudited)	116,160,000	(4,000,000)	10,040,024	404,026	67,838,889	66,017,811	256,460,750
Balance as at 1 January 2024 (Audited)	58,080,000	(2,000,000)	6,459,719	201,730	67,838,889	71,341,348	201,921,686
Net profit for the period	-	-	-	-	-	8,076,687	8,076,687
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	8,076,687	8,076,687
Share-based payment	-	-	-	50,574	-	-	50,574
Balance as at 31 March 2024 (unaudited and unreviewed)	58,080,000	(2,000,000)	6,459,719	252,304	67,838,889	79,418,035	210,048,947

Chairman of Board of Directors

Eyad Abdulaziz Alnafei

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Managing Director

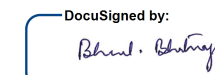
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Chief Financial Officer

Bharat Bhatnagar

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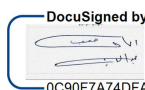
The accompanying notes from 1 to 17 form an integral part of these interim condensed financial statements.

NATIONAL ENVIRONMENTAL RECYCLING COMPANY
A SAUDI JOINT STOCK COMPANY
INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025
ALL AMOUNTS ARE IN SAUDI RIYALS UNLESS OTHERWISE STATED

	31 March, 2025	31 March 2024
	(Unaudited)	(Unaudited and Unreviewed)
Operating activities		
Profit before zakat	19,088,805	8,676,687
Adjustments for:		
Depreciation of property, plant, and equipment	2,672,532	1,133,995
Depreciation of right of use assets	427,954	338,872
Expected credit losses	1,196,809	126,000
Finance cost	3,301,680	1,417,066
Share based payment expense	-	50,574
Employees benefits obligations	169,548	150,000
	26,857,328	11,893,194
Changes in working capital items:		
Inventory	(3,386,848)	(2,532,765)
Trade receivables	(42,965,366)	4,361,917
Prepayments and other receivables	(23,234,373)	20,100,434
Trade payables	3,985,704	(19,012,154)
Accrued expenses and other liabilities	6,722,030	45,573
	(32,021,525)	14,856,199
Zakat paid	-	-
Employees benefits obligations paid	-	(3,250)
Net cash (used in) generated from operating activities	(32,021,525)	14,852,949
Investing activities		
Purchase of property, plant, and equipment	(9,429,993)	(26,479,595)
Net cash used in investing activities	(9,429,993)	(26,479,595)
Financing activities		
Proceeds from loans and borrowings	81,847,164	57,354,369
Repayments of loans and borrowings	(51,111,373)	(41,411,573)
Repayments of lease liabilities	(159,687)	(157,123)
Net cash generated from financing activities	30,576,104	15,785,673
Net change in cash and cash equivalents	(10,875,414)	4,159,027
Cash and cash equivalents at beginning of the period	16,493,223	9,803,459
Cash and cash equivalents at end of the period	5,617,809	13,962,486

Chairman of Board of Directors

Eyad Abdulaziz Alnafei

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Managing Director

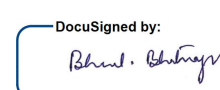
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Chief Financial Officer

Bharat Bhatnagar

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The accompanying notes from 1 to 17 form an integral part of these interim condensed financial statements.

NATIONAL ENVIRONMENTAL RECYCLING COMPANY

A SAUDI JOINT STOCK COMPANY

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025

ALL AMOUNTS ARE IN SAUDI RIYALS UNLESS OTHERWISE STATED

1. LEGAL STATUS AND OPERATIONS

National Environmental Recycling Company (hereinafter the "Company") is a Saudi joint stock Company, established under the Commercial Register No. 1010465140 dated 27 Jumada Al-Akhira 1436 AH (corresponding to 16 April 2015) in Riyadh, Kingdom of Saudi Arabia.

The principal activities of the Company are represented in the wholesale of waste, scrap and materials for recycling, including collection, classification, segregation, stripping, storage, and delivery.

The Company carries out its activities through the factory of National Environmental Recycling Company (the Branch), which is registered in Riyadh, Kingdom of Saudi Arabia under Commercial Registration No. 1010432838 on Muharram 29, 1438H (corresponding to October 30, 2016). The Branch is engaged in the production of copper, aluminium and iron blocks, plastic granules and blocks containing precious metals under industrial license No. 1438100182884. The registered address of the Company is P.O. Box 3431, Riyadh 13524, Al-Malqa District, Riyadh Kingdom of Saudi Arabia.

These interim condensed financial statements include the Company's assets, liabilities, activities and the Branch.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

2-1 Statement of compliance

These interim condensed financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia, these interim condensed financial statements do not include all the information required to prepare a complete set of financial statements prepared in accordance with International Financial Reporting Standards. These interim condensed financial statements should be read along with the Company's audited financial statements for the year ended on 31 December 2024.

The interim period is considered to be an integral part of the full fiscal year; still, the results of operations for the interim periods may not be a fair indication of the results for the full-year operations.

2-2 Accounting policies

The accounting policies and calculation methods applied in preparing the interim condensed financial statements are consistent with those followed in preparing the Company's annual financial statements for the year ended 31 December 2024, except for the application of the new standards that became effective on 1 January 2025. The Company did not early adopt any other standard, interpretation or amendment issued but not yet effective. There are a number of amendments to standards which are effective from 1 January 2025, but they do not have a material effect on the Company's interim condensed financial statements. The interim condensed financial statements have been prepared on the historical cost basis.

The interim condensed financial statements are presented in Saudi riyals, which is the Company's functional currency, and all amounts are rounded to the nearest Saudi riyal, unless otherwise indicated.

3. USE OF JUDGMENTS AND ESTIMATES

The preparation of interim condensed financial statements requires management to use judgment in applying its accounting policies and estimates and assumptions about the future. Estimates and other judgments are continuously evaluated and are based on management's experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. Although these estimates and judgments are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates. The significant estimates made by management in applying the Company's accounting policies and the primary sources of estimation of uncertainty were the same as those that were applied in the Company's audited financial statements for the year ended 31 December 2024.

NATIONAL ENVIRONMENTAL RECYCLING COMPANY

A SAUDI JOINT STOCK COMPANY

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025

ALL AMOUNTS ARE IN SAUDI RIYALS UNLESS OTHERWISE STATED

4. NEW STANDARDS, AMENDMENTS TO STANDARDS, AND INTERPRETATIONS

4.1 The following amendments to the newly issued International Financial Reporting Standards are effective for periods beginning after January 1, 2025:

Amendments to standards	Description	Summary of the amendments
IAS 1	Classification of liabilities as current or non-current	The amendment has clarified what is meant by a right to defer settlement, that a right to defer must exist at the end of the reporting period, that classification is unaffected by the likelihood that an entity will exercise its deferral right, and that only if an embedded derivative in a convertible liability is itself an equity instrument the terms of liability would not impact its classification.
IFRS 16	Leases on sale and leaseback	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.
IAS 7 and IFRS 7	Supplier finance arrangements	These amendments require to add disclosure requirements to enhance transparency of supplier finance arrangements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements.

4.1 New amendments to the standards, listed below, are effective and have been applied where applicable.

New standards	Description	Summary of the standards
IAS 21	Lack of exchangeability	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.
IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments	clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, <ul style="list-style-type: none">• 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).
IFRS 18	Presentation and Disclosure in Financial Statements	This is the new standard on presentation and disclosure in financial statements, with a 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.

The adoption of the above amendments does not have material impact on the interim condensed financial statements for the period.

NATIONAL ENVIRONMENTAL RECYCLING COMPANY

A SAUDI JOINT STOCK COMPANY

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025

ALL AMOUNTS ARE IN SAUDI RIYALS UNLESS OTHERWISE STATED

5. INVENTORIES

	31 March 2025	31 December 2024
	(Unaudited)	(Audited)
Raw materials	151,394,803	131,991,677
Finished goods	13,515,067	29,128,525
Spare parts	1,886,833	2,289,653
Total	166,796,703	163,409,855

6. TRADE RECEIVABLES

	31 March 2025	31 December 2024
	(Unaudited)	(Audited)
Trade receivables	97,023,087	54,057,721
Less: provision for expected credit losses*	(3,432,018)	(2,235,209)
Total	93,591,069	51,822,512

* Movement in provision for expected credit losses

	31 March 2025	31 December 2024
	(Unaudited)	(Audited)
Balance as at January 1	2,235,209	931,537
Charged during the period / year	1,196,809	1,388,366
Write-off during the year	-	(84,694)
Balance as at end of period / year	3,432,018	2,235,209

7. CASH AND CASH EQUIVALENTS

	31 March 2025	31 December 2024
	(Unaudited)	(Audited)
Cash at banks	4,074,560	16,299,727
Cash in hand	1,543,249	193,496
Total	5,617,809	16,493,223

8. SHARE CAPITAL

On 17 Jumada Al-Akhira 1446H (corresponding to 18 December 2024), the Extraordinary General Assembly of the Company's shareholders approved the Board of Directors' recommendation to increase the Company's capital by 100% through the issuance of bonus shares to shareholders, granting one bonus share for each share owned. This resulted in an increase in the Company's capital to SR 116,160,000, with a nominal value of SR 1 per share. The statutory procedures in this regard have been completed.

NATIONAL ENVIRONMENTAL RECYCLING COMPANY

A SAUDI JOINT STOCK COMPANY

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025

ALL AMOUNTS ARE IN SAUDI RIYALS UNLESS OTHERWISE STATED

9. LOANS AND BORROWINGS

A- Loans and borrowings-long term:

	31 March 2025 (Unaudited)	31 December 2024 (Audited)
Loans from local banks (1)	31,996,360	25,514,633
Loans from Saudi Industrial Development Fund (3)	1,428,423	1,428,423
Loan from a finance Company (4)	9,772,198	10,726,705
	43,196,981	37,669,761

Long-term loans are classified and presented as follows:

Non-current portion	30,707,405	26,744,986
Current portion	12,489,576	10,924,775
	43,196,981	37,669,761

B- Short term loans:

	31 March 2025 (Unaudited)	31 December 2024 (Audited)
Loans from local banks (1)	106,298,772	78,523,633
Loans from Saudi Export and Import Bank (2)	49,842,345	49,180,511
	156,141,117	127,704,144

- 1) The Company entered into an agreement to obtain Islamic facilities from local commercial bank during years 2022, 2023 and 2024 where SR 120 million were utilized at a predetermined profit rate from those facilities to finance the Capital expenditures and working capital. As a guarantee for the financing, a promissory note and real estate guarantee mortgage has been provided.

On January 26, 2025, the company entered into a Sharia-compliant credit facility agreement with local commercial bank, with a total credit limit of SR 170 million. These facilities include a SR 90 million as bridge financing for the loan to be obtained from Saudi Industrial Development Fund (SIDF) to be available after signing the facilities agreement with the SIDF and SR 45 million as a bank guarantee in favour of SIDF.

As of the financial statements' approval date, the bridge financing amount has not been drawn down. However, 35 million SR of the total credit limit has been utilized at a pre-agreed profit rate to finance working capital requirements. The company has provided a promissory note covering the full value of the facilities as collateral for this financing.

- 2) The Company entered into an agreement with the Saudi Export-Import Bank in 2023 to obtain Murabaha financing, securing SR 36 million to fund its working capital. Furthermore, on 3 November 2024, the Company entered into another agreement, increasing existing line to SR 50 million. As a guarantee for the financing, a promissory note equivalent to the agreement's value has been provided.
- 3) On 25 April 2017, the Company agreed with (Saudi Industrial Development Fund) to obtain a loan amounting to SR 13.8 million to finance the purchase of machinery and equipment at a predetermined rate. During the year 2021, the Company agreed with the fund to modify a loan amounting to SR 10.141 million.
- 4) The Company entered into an agreement with a finance Company in 2022 and 2023 to obtain financing facilities amounting to SR 16 million at an agreed-upon Murabaha rate to fund capital expenditures.

All working capital financing is revolving in nature, with a maturity of less than 12 months, whereas capital expenditure financing has a maturity of 3 to 7 years. All financing is secured by either promissory notes or land as collateral.

The agreements include covenants that require, among other conditions, the maintenance of specific financial ratios, a designated level of capital expenditures, and other obligations. As of 31 March 2025, the Company was compliance with these covenants.

NATIONAL ENVIRONMENTAL RECYCLING COMPANY

A SAUDI JOINT STOCK COMPANY

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025

ALL AMOUNTS ARE IN SAUDI RIYALS UNLESS OTHERWISE STATED

10. ZAKAT PROVISION

The Company submits its financial statements, and Zakat returns to the Zakat, Tax and Customs Authority. Zakat is due at the rate of 2.5% of the approximate Zakat base or adjusted net profit, whichever is higher.

The movement of the Zakat provision during the period/ year is as follows:

	31 March 2025	31 December 2024
	(Unaudited)	(Audited)
Balance as at January 1	3,045,428	2,319,715
Provision created during the period/ year	814,255	2,872,565
Paid during the period / year	-	(2,146,852)
Balance as at the end of the period / year	3,859,683	3,045,428

The company has submitted its Zakat declarations to the Zakat, Tax and Customs Authority (ZATCA) for all years up to December 31, 2024. The company has received its Zakat assessment for the year 2021 and has settled its position with the Authority. Additionally, it has finalized its Zakat status for the years 2016, 2017, and 2018 during 2020. However, the years 2019, 2020, 2022, 2023, and 2024 remain under review by ZATCA.

11. CONTINGENCIES

The Company has the following as of 31 March 2025:

- a) Letter of guarantee from local bank for normal course of business amounting to 100,000 SR (31 December 2024: 766,666 SR).

12. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the period profit attributable to shareholders by the weighted average number of common shares outstanding during the period.

	31 March 2025	31 March 2024
	(Unaudited)	(Unaudited and Unreviewed)
Net profit for the period	18,274,550	8,076,687
Number of shares:		
Weighted average number of shares for purposes of calculating basic earnings per share (share)	112,160,000	56,080,000
Weighted average number of shares repurchased (share)/ Treasury shares	4,000,000	2,000,000
Weighted average number of shares for purposes of calculating diluted earnings per share (share)	116,160,000	58,080,000
Earnings per share		
Basic	0.16	0.14
Diluted	0.16	0.14

13. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties include key management personnel such as members of the Board of Directors and senior management employees of the Company. Senior management employees are those individuals who have the authority and responsibility for planning, directing, and controlling the activities of the Company, directly or indirectly, including managers.

	31 March 2025	31 March 2024
	Saudi Riyals	Saudi Riyals
	(Unaudited)	(Unaudited and Unreviewed)
Board of directors' rewards and allowances	249,999	-
Senior management salaries and allowances	1,980,470	463,484
	2,230,469	463,484

NATIONAL ENVIRONMENTAL RECYCLING COMPANY

A SAUDI JOINT STOCK COMPANY

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025

ALL AMOUNTS ARE IN SAUDI RIYALS UNLESS OTHERWISE STATED

14. FAIR VALUE OF FINANCIAL INSTRUMENTS

The table below shows book values and fair values of financial assets and liabilities including their levels in the fair value hierarchy. It does not include fair value information for financial assets and liabilities that are not measured at fair value if the book value reasonably approximates fair value.

	31 March 2025 (Unaudited)				
	Book value		Fair value		
	Fair value	Amortized cost	Level 1	Level2	Level3
Financial assets at amortized cost					
Trade receivables	-	93,591,069	-	-	-
Cash and cash equivalents	-	5,617,809	-	-	-
Total financial assets	-	99,208,878	-	-	-
Financial liabilities at amortized cost					
Loans and borrowings	-	199,338,098	-	-	-
Trade payables	-	5,924,358	-	-	-
Accrued expenses and other liabilities	-	13,086,856	-	-	-
Total financial liabilities	-	218,349,312	-	-	-
	31 December 2024 (Audited)				
	Book value		Fair value		
	Fair value	Amortized cost	Level 1	Level2	Level3
Financial assets at amortized cost					
Trade receivables	-	51,822,512	-	-	-
Cash and cash equivalents	-	16,493,223	-	-	-
Total financial assets	-	68,315,735	-	-	-
Financial liabilities at amortized cost					
Loans and borrowings	-	165,373,905	-	-	-
Trade payables	-	1,938,654	-	-	-
Accrued expenses and other liabilities	-	6,364,826	-	-	-
Total financial liabilities	-	173,677,385	-	-	-

The risk management policies of financial instruments during the period did not change from those followed by management during the year ended 31 December 2024.

15. SEGMENT INFORMATION

The Company has one business sector mainly represented in the export, wholesale and retail trade in scrap, aluminium, copper, plastic, electrical and electronic appliances, spare parts, tires, glass and all types of iron and also in sorting, storing and distributing it.

16. SUBSEQUENT EVENTS

Management believes that there have been no significant subsequent events since 31 March 2025, up to the date of approval of these interim condensed financial statements that may have a material impact on the Company's interim condensed financial statements for the period ended 31 March 2025.

17. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements were approved by the Company's Board of Directors on 15 Dhu'l-Qi'dah 1446 (corresponding to 13 May 2025).