

**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 2026

**NATIONAL ENVIRONMENTAL RECYCLING COMPANY**  
A SAUDI JOINT STOCK COMPANY  
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AND INDEPENDENT AUDITOR'S REVIEW REPORT  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2026

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## INDEPENDENT AUDITOR'S REVIEW REPORT

### To the Shareholders of National Environmental Recycling Company

A Saudi Joint Stock Company

#### Introduction

We have reviewed the accompanying interim condensed statement of financial position of National Environmental Recycling Company (a Saudi Joint Stock Company) (the "Company") as of 31 March 2026 and the interim condensed statements of comprehensive income, changes in equity and cash flows for the three-month period then ended, and other explanatory notes (the "interim condensed financial statements").

Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34") that is 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 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 information 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.

#### 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 Alhajjaj  
Certified Public Accountant  
License no (562)



Riyadh, Kingdom of Saudi Arabia

Date: 11 Dhu al-Qa'dah 1447H  
Corresponding to 28 April 2026

**NATIONAL ENVIRONMENTAL RECYCLING COMPANY**

A SAUDI JOINT STOCK COMPANY

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

AS OF 31 MARCH 2026

(ALL AMOUNTS EXPRESSED IN SAUDI RIYALS "ﷲ" UNLESS OTHERWISE STATED)

	Notes	31 March 2026 (Unaudited)	31 December 2025 (Audited)
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	235,850,862	232,142,588
Right-of-use assets		3,449,687	3,695,838
<b>Total non-current assets</b>		<b>239,300,549</b>	<b>235,838,426</b>
<b>Current assets</b>			
Inventories	6	194,350,357	207,577,294
Trade receivables	7	267,727,560	232,797,065
Prepayments and other receivables	8	115,405,029	42,302,904
Derivative instruments	9	801,517	-
Cash and cash equivalents	10	18,473,908	17,197,502
<b>Total current assets</b>		<b>596,758,371</b>	<b>499,874,765</b>
<b>Total assets</b>		<b>836,058,920</b>	<b>735,713,191</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	11	232,320,000	232,320,000
Treasury shares	13	(4,484,000)	(4,484,000)
Statutory reserve	14	9,462,174	9,462,174
Cash flow hedge reserve	9	801,517	-
Share-based payment reserve	15	48,887	48,887
Retained earnings		81,873,384	61,385,801
<b>Total equity</b>		<b>320,021,962</b>	<b>298,732,862</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Long-term borrowings	16	84,162,839	98,566,609
Lease liabilities		1,495,542	1,417,219
Employees' benefit obligations		3,271,117	3,002,719
<b>Total non-current liabilities</b>		<b>88,929,498</b>	<b>102,986,547</b>
<b>Current Liabilities</b>			
Trade payables		121,531,997	71,263,028
Accrued expenses and other liabilities	17	17,787,203	11,843,351
Short-term borrowings	16	252,034,758	231,353,314
Zakat provision	18	5,478,506	4,367,700
Current portion of long-term borrowings	16	29,558,989	14,252,174
Current portion of lease liabilities		716,007	914,215
<b>Total current liabilities</b>		<b>427,107,460</b>	<b>333,993,782</b>
<b>Total liabilities</b>		<b>516,036,958</b>	<b>436,980,329</b>
<b>Total equity and liabilities</b>		<b>836,058,920</b>	<b>735,713,191</b>

**Chairman of Board of Directors**

Eyad Abdulaziz Alnafei

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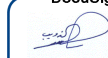


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**Chief Executive Officer**

Nasser Mohammed Al Dueb

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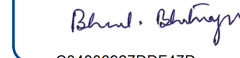


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**Chief Financial Officer**

Bharat Bhatnagar

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The accompanying notes 1 to 32 form an integral part of these interim condensed financial statements.

**NATIONAL ENVIRONMENTAL RECYCLING COMPANY**

A SAUDI JOINT STOCK COMPANY

INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

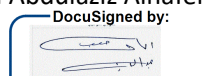
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2026

(ALL AMOUNTS EXPRESSED IN SAUDI RIYALS "ﷲ" UNLESS OTHERWISE STATED)

	Notes	Three-month period ended 31 March	
		2026 (Unaudited)	2025 (Unaudited)
Revenue	19	493,649,581	267,543,614
Cost of revenue	20	(463,492,102)	(239,074,088)
<b>Gross profit</b>		<b>30,157,479</b>	<b>28,469,526</b>
General and administrative expenses	21	(4,169,599)	(4,796,729)
Expected credit losses	7	(1,205,440)	(1,196,809)
<b>Operating profit</b>		<b>24,782,440</b>	<b>22,475,988</b>
Finance income	22	3,509,788	-
Other expenses / income		(20,874)	670
Finance cost	23	(6,672,965)	(3,387,853)
<b>Profit before zakat</b>		<b>21,598,389</b>	<b>19,088,805</b>
Zakat	18	(1,110,806)	(814,255)
<b>Profit for the period</b>		<b>20,487,583</b>	<b>18,274,550</b>
<b>Other comprehensive income:</b>			
Items that will be reclassified subsequently to profit or loss:			
Effective portion of changes in fair value of cash flow hedges	9	801,517	-
<b>Total comprehensive income for the period</b>		<b>21,289,100</b>	<b>18,274,550</b>
<b>Earnings per share attributable to the shareholders</b>			
Basic	24	0.090	0.081
Diluted		0.090	0.080

**Chairman of Board of Directors**

Eyad Abdulaziz Alnafei

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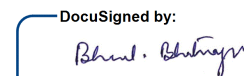
**Chief Executive Officer**

Nasser Mohammed Al Dueb

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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 2026

(ALL AMOUNTS EXPRESSED IN SAUDI RIYALS "ﷲ" UNLESS OTHERWISE STATED)

	<u>Share capital</u>	<u>Share premium</u>	<u>Treasury shares</u>	<u>Statutory reserve</u>	<u>Cash flow hedge reserve</u>	<u>Share-based payment reserve</u>	<u>Retained earnings</u>	<u>Total equity</u>
<b>For the period ended 31 March 2026</b>								
As of 1 January 2026 (Audited)	<b>232,320,000</b>	-	<b>(4,484,000)</b>	<b>9,462,174</b>	-	<b>48,887</b>	<b>61,385,801</b>	<b>298,732,862</b>
Profit for the period	-	-	-	-	-	-	<b>20,487,583</b>	<b>20,487,583</b>
Other comprehensive income for the period	-	-	-	-	<b>801,517</b>	-	-	<b>801,517</b>
<b>Total comprehensive income for the period</b>	-	-	-	-	<b>801,517</b>	-	<b>20,487,583</b>	<b>21,289,100</b>
<b>As of 31 March 2026 (Unaudited)</b>	<b>232,320,000</b>	-	<b>(4,484,000)</b>	<b>9,462,174</b>	<b>801,517</b>	<b>48,887</b>	<b>81,873,384</b>	<b>320,021,962</b>
<b>For the period ended 31 March 2025</b>								
As of 1 January 2025 (Audited)	116,160,000	67,838,889	(4,000,000)	10,040,024	-	404,026	47,743,261	238,186,200
Profit for the period	-	-	-	-	-	-	18,274,550	18,274,550
Other comprehensive income for the period	-	-	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	-	-	-	-	18,274,550	18,274,550
<b>As of 31 March 2025 (Unaudited)</b>	<b>116,160,000</b>	<b>67,838,889</b>	<b>(4,000,000)</b>	<b>10,040,024</b>	-	<b>404,026</b>	<b>66,017,811</b>	<b>256,460,750</b>

**Chairman of Board of Directors**

Eyad Abdulaziz Alnafei

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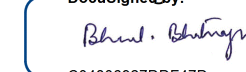
**Chief Executive Officer**

Nasser Mohammed Al Dueb

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**Chief Financial Officer**

Bharat Bhatnagar

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The accompanying notes 1 to 32 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

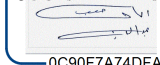
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2026

(ALL AMOUNTS EXPRESSED IN SAUDI RIYALS "ﷲ" UNLESS OTHERWISE STATED)

	Note	31 March 2026 (Unaudited)	31 March 2025 (Unaudited)
<b>Operating activities</b>			
Profit before zakat		21,598,389	19,088,805
<b>Adjustments to reconcile profit before zakat to net cash flows:</b>			
Depreciation of property, plant and equipment	5	3,744,902	2,672,532
Depreciation of right-of-use assets		246,151	427,954
Expected credit losses on trade receivables		1,205,440	1,196,809
Charge of employees' benefit obligations		275,697	169,548
Finance income	22	(3,509,788)	-
Finance cost	23	6,672,965	3,387,853
		<b>30,233,756</b>	<b>26,943,501</b>
<b>Working capital changes:</b>			
Inventories		13,226,937	(3,386,848)
Trade receivables		(36,135,935)	(42,965,366)
Prepayments and other receivables		(73,102,125)	(23,234,373)
Trade payables		50,268,969	3,985,704
Accrued expenses and other liabilities		5,943,852	6,722,030
		<b>(9,564,546)</b>	<b>(31,935,352)</b>
Employees' benefit obligations paid		(7,299)	-
Finance cost paid		(588,855)	(281,974)
<b>Net cash used in operating activities</b>		<b>(10,160,700)</b>	<b>(32,217,326)</b>
<b>Investing activities</b>			
Purchase of property, plant and equipment		(7,420,372)	(9,429,993)
Finance income received	22	3,509,788	-
<b>Net cash used in investing activities</b>		<b>(3,910,584)</b>	<b>(9,429,993)</b>
<b>Financing activities</b>			
Proceeds from long-term borrowings	16	5,917,035	11,227,165
Repayment of long-term borrowings	16	(6,817,246)	(6,338,340)
Payment of lease liabilities		(162,610)	(159,687)
Proceeds from short-term borrowings	16	168,420,928	67,587,395
Repayments of short-term borrowings	16	(152,010,417)	(41,544,628)
<b>Net cash generated from financing activities</b>		<b>15,347,690</b>	<b>30,771,905</b>
<b>Net changes in cash and cash equivalents during the period</b>		<b>1,276,406</b>	<b>(10,875,414)</b>
Cash and cash equivalents at the beginning of the period		17,197,502	16,493,223
<b>Cash and cash equivalents at the end of the period</b>	10	<b>18,473,908</b>	<b>5,617,809</b>
<b>Non-cash transactions:</b>			
Capital work-in-progress to property, plant and equipment		1,728,348	1,220,776
Effective portion of changes in fair value of cash flow hedges		801,517	-

**Chairman of Board of Directors**

Eyad Abduraziz Al-Mafei



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**Chief Executive Officer**

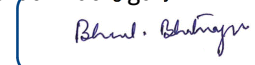
Nasser Mohammed Al Dueb



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**Chief Financial Officer**

Bharat Bhatsingra



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The accompanying notes 1 to 32 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

FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2026

(ALL AMOUNTS EXPRESSED IN SAUDI RIYALS "ﷲ" UNLESS OTHERWISE STATED)

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## 1- LEGAL STATUS AND OPERATIONS

National Environmental Recycling Company (a Saudi Joint Stock Company) (the "Company"), established under the Commercial Register No. 1010465140 dated 27 Jumada Al-Akhira 1436H (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 29 Muharram 1438H (corresponding to 30 October 2016). The Branch is engaged in the production of copper, aluminum 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.

**Geopolitical Developments:** The Company continues to monitor the regional geopolitical developments and their potential impact on Saudi Arabia. While the situation remains evolving, the Company maintains a robust operational framework to manage associated risks. These developments have not had a material impact on Company's interim condensed financial statements for the period ended 31 March 2026; however, given the evolving nature of the conflict, the potential long-term impact on the Company's business will continue to be assessed on future reporting dates.

## 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 2025.

The interim period is considered to be an integral part of the full fiscal year; still, the results for the three-month period ended 31 March 2026 are not necessarily indicative of the results that may be expected for the year ending 31 December 2026. However, selected explanatory notes have also been included to explain significant events and transactions to understand the changes in the financial position and financial performance of the Company since 31 December 2025.

### 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 2025, except for the application of the new standards that became effective on 1 January 2026. 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 2026, but they do not have a material effect on the Company's interim condensed financial statements.

During the current period, the Company has entered into foreign exchange forward contracts and commodity future contracts for the first time. Accordingly, the related accounting policy for derivative financial instruments and hedge accounting has been included in these interim condensed financial statements for the purpose of describing the accounting treatment applied to these new transactions.

The interim condensed financial statements have been prepared on the historical cost basis, except for derivative financial instruments, which are measured at fair value.

The interim condensed financial statements are presented in Saudi Riyal ("ﷲ") which is the functional currency for the Company. All amounts are rounded to the nearest Saudi Riyals unless otherwise indicated.

## **NATIONAL ENVIRONMENTAL RECYCLING COMPANY**

A SAUDI JOINT STOCK COMPANY

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2026

(ALL AMOUNTS EXPRESSED IN SAUDI RIYALS "ﷲ" UNLESS OTHERWISE STATED)

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### **2- BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)**

#### **2-2 Accounting policies (Continued)**

##### **Derivative financial instruments and hedge accounting**

The Company uses foreign exchange forward contracts and commodity future contracts to manage its exposure to foreign currency risk and commodity price risk arising from forecast sales of US dollar denominated transactions, copper and aluminum.

Such derivative financial instruments are initially recognized at fair value on the date the contract is entered into and are subsequently remeasured at fair value at each reporting date. Derivatives are recognized as financial assets when their fair value is positive and as financial liabilities when their fair value is negative, in accordance with IFRS 9.

##### **Cash flow hedges**

The Company designates foreign exchange forward contracts as hedging instruments in cash flow hedges of highly probable forecast US dollar sales under a rolling arrangement. Commodity future contracts are designated as hedging instruments in cash flow hedges of highly probable forecast copper and aluminum sales.

At inception of the hedge relationship, the Company documents the hedge relationship in written agreement, including the hedging instrument, hedged item, risk management objective, and method of assessing hedge effectiveness.

The effective portion of gains or losses on hedging instruments is recognized in other comprehensive income (OCI) within the cash flow hedge reserve. Any ineffective portion is recognized immediately in profit or loss within finance income.

Amounts accumulated in OCI are reclassified to profit or loss in the same period in which the hedged cash flows affect profit or loss.

##### **Hedge effectiveness**

A hedging relationship qualifies for hedge accounting only if there is an economic relationship between the hedged item and the hedging instrument, the effect of credit risk does not dominate value changes, and the hedge ratio reflects actual hedged exposures.

Hedge ineffectiveness may arise from differences in timing of cash flows, differences between forward price curves, changes in forecast sales volumes compared to the fixed hedge notional, and counterparty credit risk effects.

#### **2-3 Going concern basis**

The interim condensed financial statements have been prepared on a going concern basis. The Company incurred negative operating cash flows during the period, mainly due to higher advances to suppliers and margin deposits with brokers reflecting increased operations and the hedging strategy. The Board of Directors expect the Company to have sufficient resources to continue its operations for at least twelve months from the reporting date.

### **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 2025.

## **NATIONAL ENVIRONMENTAL RECYCLING COMPANY**

A SAUDI JOINT STOCK COMPANY

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2026

(ALL AMOUNTS EXPRESSED IN SAUDI RIYALS "ﷲ" UNLESS OTHERWISE STATED)

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### **4- NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS STANDARDS**

#### **New and revised standards, interpretations and amendments effective during the period**

The following new and revised standards, interpretations and amendments are effective in the current period but are either not relevant to the Company or their application does not have any material impact on the interim condensed financial statements of the Company other than presentation and disclosures, except as stated otherwise.

#### **Lack of Exchangeability (Amendments to IAS 21)**

The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.

#### **Amendments to the SASB standards to enhance their international applicability**

The amendments remove and replace jurisdiction-specific references and definitions in the SASB standards, without substantially altering industries, topics or metrics.

#### **Amendments IFRS 9 and IFRS 7 regarding the classification and measurement of financial instruments**

The amendments address matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9 Financial Instruments.

#### **Annual Improvements to IFRS Accounting Standards - Volume 11**

The pronouncement comprises the following amendments:

- IFRS 1: Hedge accounting by a first-time adopter
- IFRS 7: Gain or loss on derecognition
- IFRS 7: Disclosure of deferred difference between fair value and transaction price
- IFRS 7: Introduction and credit risk disclosures
- IFRS 9: Lessee derecognition of lease liabilities
- IFRS 9: Transaction price
- IFRS 10: Determination of a 'de facto agent'
- IAS 7: Cost method

#### **Amendments to IFRS 9 and IFRS 7 regarding power purchase arrangements**

The amendments aim at enabling entities to include information in their financial statements that in the IASB's view more faithfully represents contracts referencing nature-dependent electricity.

#### **New and revised standards, interpretations and amendments issued but not effective**

The following new and revised standards, interpretations and amendments are effective for periods beginning on or after 1 April 2026 and earlier application is permitted; however, the Company has not early adopted them in preparing these interim condensed financial statements.

## **NATIONAL ENVIRONMENTAL RECYCLING COMPANY**

A SAUDI JOINT STOCK COMPANY

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2026

(ALL AMOUNTS EXPRESSED IN SAUDI RIYALS "ﷲ" UNLESS OTHERWISE STATED)

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### **4- NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS STANDARDS (CONTINUED)**

#### **New and revised standards, interpretations and amendments effective during the period (Continued)**

##### **IFRS 18 Presentation and Disclosures in Financial Statements**

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

The standard requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and it also includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, are effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

##### **IFRS 19 Subsidiaries without Public Accountability: Disclosures**

IFRS 19 specifies the disclosure requirements an eligible subsidiary is permitted to apply instead of the disclosure requirements in other IFRS Accounting Standards.

##### **Amendments to IFRS 19 Subsidiaries without Public Accountability: Disclosures**

The amendments cover new or amended IFRS Accounting Standards issued between 28 February 2021 and 1 May 2024 that were not considered when IFRS 19 was first issued.

##### **Translation to a Hyperinflationary Presentation Currency (Amendments to IAS 21)**

The amendments clarify how companies should translate financial statements from a non-hyperinflationary currency into a hyperinflationary one.

##### **Amendments to Greenhouse Gas Emissions Disclosures (Amendments to IFRS S2)**

The amendments to IFRS S2 aim at supporting entities applying IFRS S2 by reducing the complexity, risk of potential duplication of reporting and related costs of applying specific requirements in IFRS S2.

### **5- PROPERTY, PLANT AND EQUIPMENT**

As of 31 March 2026, the carrying amount of property, plant and equipment was ﷲ 235.85 million (31 December 2025: ﷲ 232.14 million). During the three-month period ended 31 March 2026, the Company acquired property, plant and equipment at a total cost of ﷲ 7.45 million (year ended 31 December 2025: ﷲ 89.78 million). Disposals during the three-month period ended 31 March 2026 resulted in the derecognition of assets with a net book value of nil (year ended 31 December 2025: ﷲ 0.81 million). Depreciation charged for the three-month period ended 31 March 2026 amounted to ﷲ 3.74 million (31 March 2025: ﷲ 2.67 million). Land with a carrying amount of ﷲ 25.26 million as of 31 March 2026 (31 December 2025: ﷲ 25.26 million) is pledged as security against bank borrowings.

**NATIONAL ENVIRONMENTAL RECYCLING COMPANY**

A SAUDI JOINT STOCK COMPANY

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FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2026

(ALL AMOUNTS EXPRESSED IN SAUDI RIYALS "ﷲ" UNLESS OTHERWISE STATED)

**6- INVENTORIES**

	<b>31 March 2026</b>	<b>31 December 2025</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Raw materials	<b>164,953,476</b>	193,750,416
Finished goods	<b>28,161,269</b>	11,460,777
Spare parts	<b>1,235,612</b>	2,366,101
	<b>194,350,357</b>	207,577,294

**7- TRADE RECEIVABLES**

	<b>31 March 2026</b>	<b>31 December 2025</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Trade receivables	<b>272,386,266</b>	236,250,331
Provision for expected credit losses	<b>(4,658,706)</b>	(3,453,266)
	<b>267,727,560</b>	232,797,065

Set out below is the movement in the provision for expected credit losses of trade receivables:

	<b>31 March 2026</b>	<b>31 December 2025</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
As of the beginning of the period / year	<b>3,453,266</b>	2,235,209
Charged during the period / year	<b>1,205,440</b>	2,409,107
Written off during the period / year	-	(1,191,050)
As of the end of the period / year	<b>4,658,706</b>	3,453,266

**8- PREPAYMENTS AND OTHER RECEIVABLES**

	<b>31 March 2026</b>	<b>31 December 2025</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Advances to suppliers	<b>71,943,775</b>	12,098,399
Margin deposits*	<b>23,136,616</b>	-
Value added tax recoverable	<b>14,590,693</b>	24,082,294
Prepaid expenses	<b>4,574,614</b>	4,942,872
Refundable deposits	<b>970,575</b>	970,575
Advances to employees	<b>188,531</b>	208,539
Other receivables, net of provision**	<b>225</b>	225
	<b>115,405,029</b>	42,302,904

\* Margin deposits represent cash collateral placed with the London Metal Exchange (LME) brokers in relation to derivative trading activities.

\*\* Include an amount of ﷲ 1,000,000 against which a provision has been recognized in full.

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### 9- DERIVATIVE INSTRUMENTS AND CASH FLOW HEDGE RESERVE

The Company uses foreign exchange forward contracts and commodity future contracts to manage exposure to foreign currency risk and commodity price risk arising from highly probable forecast sales of US dollar denominated transactions, copper, and aluminum.

Foreign exchange forward contracts are designated to hedge forecast US dollar sales under a rolling arrangement. Commodity future contracts are designated to hedge forecast sales of copper and aluminum.

All derivatives are designated as cash flow hedges. Derivative instruments often involve only a mutual exchange of contractual commitments at inception, with little or no initial transfer of consideration. However, such instruments often carry a high degree of leverage and can be highly volatile. Even a relatively small movement in the underlying rate or price may have a significant impact on the Company's income, expenses, or equity.

Cash flow hedge reserve as of 31 March 2026 amounting to ﷲ 801,517 (31 December 2025: nil) which represents the mark to market impact of hedge instruments.

### 10- CASH AND CASH EQUIVALENTS

	<u>31 March 2026</u> (Unaudited)	<u>31 December 2025</u> (Audited)
Cash at banks	18,164,034	16,761,871
Cash on hand	309,874	435,631
	<u>18,473,908</u>	<u>17,197,502</u>

### 11- SHARE CAPITAL

On 12 Jumada Al-Awwal 1447H (corresponding to 3 November 2025), the Extraordinary General Assembly approved a 100% increase in share capital through the issuance of bonus shares, granting one bonus share for each share held. This increased the Company's share capital to ﷲ 232,320,000, with a nominal value of ﷲ 1 per share. The capital increase was funded by capitalizing ﷲ 67,838,889 from the share premium reserve, ﷲ 577,850 from the statutory reserve, and ﷲ 47,743,261 from the retained earnings. Bonus shares in respect of treasury shares held by the Company amounting to ﷲ 2,242,000 were credited to treasury shares (note 13.1).

### 12- SHARE PREMIUM

On 20 September 2021, the Company issued 1,308,000 shares at ﷲ 65 per share as part of its capital increase. Each share had a nominal value of ﷲ 10, resulting in a share premium of ﷲ 67,838,889, net of issuance-related expenses. During the year 2025, the share premium reserve of ﷲ 67,838,889 was fully utilized to fund the issuance of bonus shares (note 11).

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### 13- TREASURY SHARES

	<u>31 March 2026</u>	<u>31 December 2025</u>
	(Unaudited)	(Audited)
As of the beginning of the period / year	4,484,000	4,000,000
Issuance of bonus shares (13.1)	-	2,242,000
Share based payment transactions (13.2)	-	(355,139)
Transfer on allocation of treasury shares to employees (13.2)	-	(1,402,861)
As of the end of the period / year	<u>4,484,000</u>	<u>4,484,000</u>

Pursuant to a resolution of the Extraordinary General Assembly held on 1 Muharram 1447H (corresponding to 26 June 2025), the shareholders approved an extension of the maximum period during which the Company may retain its treasury shares. This extension relates to the treasury shares previously approved by the Extraordinary General Assembly on 13 Safar 1443H (corresponding to 20 September 2021), amounting to 2 million shares prior to the issuance of bonus shares and 4 million shares following the issuance of bonus shares. The retention period was extended for an additional four years commencing from the date of approval by the Extraordinary General Assembly. Upon expiry of this period, the Company will comply with the procedures and requirements prescribed under the applicable laws and regulations.

**13.1** The number of treasury shares held by the Company increased to 2.242 million ordinary shares during 2025 as a result of the issuance of bonus shares (note 11).

**13.2** During 2025, the Company settled share-based payment awards by delivering 1,758,000 treasury shares to employees under the approved share-based payment plan, out of a total allocation of 2,000,000 shares. An amount of ﷲ 355,139 previously recognized in the share-based payment reserve was transferred within equity upon settlement. The remaining amount of ﷲ 1,402,861, representing the excess of the carrying amount of the treasury shares over the amount recognized in the share-based payment reserve, was adjusted directly against retained earnings. No gain or loss was recognized in the statement of profit or loss.

### 14- STATUTORY RESERVE

During 2025, ﷲ 577,850 from the statutory reserve was utilized to fund the issuance of bonus shares pursuant to a General Assembly resolution (note 11). The remaining balance has not been the subject of any resolution by the shareholders regarding its appropriation or utilization.

### 15- SHARE BASED PAYMENT RESERVE

The share-based payment reserve represents the cumulative expense recognized in equity in respect of equity-settled share-based payment arrangements.

During 2025, a portion of the reserve related to vested awards was transferred within equity upon settlement of the share-based payment arrangements through the delivery of treasury shares to employees. Any difference between the carrying amount of the treasury shares delivered and the amount recognized in the share-based payment reserve was adjusted directly against retained earnings (note 13.2).

No gain or loss was recognized in the statement of profit or loss in respect of these transactions. The balance of the share-based payment reserve represents unvested awards outstanding as at the reporting date.

During 2025, the Board of Directors approved a new share-based payment program viz. "Taqdeer" Program 2 for the years from 2025 to 2029. The program is linked to the Company's financial performance and provides for the grant of up to 2,500,000 share options, of which 2,000,000 options are conditional on achieving target performance levels, and 500,000 options are conditional on exceeding 100% of targets.

The program is subject to approval by the General Assembly, and the shares underlying the options will be issued in the future only upon such approval and upon satisfaction of the performance conditions. No options have been granted under the program as at the reporting date.

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**16- LOANS AND BORROWINGS**

<b>Long-term borrowings</b>	<b>31 March 2026</b>	<b>31 December 2025</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Loans from local commercial banks (1)	<b>83,854,323</b>	82,042,173
Loans from Saudi Industrial Development Fund (2)	<b>24,088,500</b>	23,968,948
Loan from a finance company (3)	<b>5,779,005</b>	6,807,662
	<b><u>113,721,828</u></b>	<u>112,818,783</u>

**The break-up of long-term borrowings is as follows:**

Non-current portion of long-term borrowings	<b>84,162,839</b>	98,566,609
Current portion of long-term borrowings	<b>29,558,989</b>	14,252,174
	<b><u>113,721,828</u></b>	<u>112,818,783</u>

Set out below are the carrying amounts of long-term borrowings and the movements during the period / year:

	<b>31 March 2026 (Unaudited)</b>			<b>31 December 2025 (Audited)</b>		
	<b>Borrowings</b>	<b>Grant</b>	<b>Total</b>	<b>Borrowings</b>	<b>Grant</b>	<b>Total</b>
As of the beginning of the period / year	<b>109,876,578</b>	<b>2,942,205</b>	<b>112,818,783</b>	37,669,761	-	37,669,761
Proceeds during the period / year	<b>5,917,035</b>	-	<b>5,917,035</b>	113,599,289	3,098,720	116,698,009
Interest expense	<b>2,134,666</b>	<b>(331,410)</b>	<b>1,803,256</b>	4,724,049	(156,515)	4,567,534
Repayments during the period / year	<b>(6,817,246)</b>	-	<b>(6,817,246)</b>	(46,116,521)	-	(46,116,521)
As of the end of the period / year	<b><u>111,111,033</u></b>	<b><u>2,610,795</u></b>	<b><u>113,721,828</u></b>	<u>109,876,578</u>	<u>2,942,205</u>	<u>112,818,783</u>

**Short-term borrowings**

<b>Short-term borrowings</b>	<b>31 March 2026</b>	<b>31 December 2025</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Loans from local commercial banks (1)	<b>203,682,308</b>	157,150,447
Loans from Saudi Export and Import Bank (4)	<b>48,352,450</b>	74,202,867
	<b><u>252,034,758</u></b>	<u>231,353,314</u>

Set out below are the carrying amounts of short-term borrowings and the movements during the period / year:

	<b>31 March 2026</b>	<b>31 December 2025</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
As of the beginning of the period / year	<b>231,353,314</b>	127,704,144
Proceeds during the period / year	<b>168,420,928</b>	393,481,123
Interest expense (note 22)	<b>4,270,933</b>	11,541,233
Repayments during the period / year	<b>(152,010,417)</b>	(301,373,186)
As of the end of the period / year	<b><u>252,034,758</u></b>	<u>231,353,314</u>

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### 16- LOANS AND BORROWINGS (CONTINUED)

#### 1. Loans from local commercial banks information is as follows:

- The Company entered into agreements to obtain Islamic financing facilities from local commercial banks during the years 2022, 2023 and 2024, with a total facility amount of ﷲ 120 million, of which ﷲ 96.54 million has been utilized at predetermined profit rates. The proceeds were used to finance capital expenditures and working capital requirements. As security for these facilities, the Company has provided promissory notes and pledged land as collateral (see note 5).
- On 15 January 2025, the Company entered into a Sharia-compliant credit facility agreement with a local commercial bank with a total credit limit of ﷲ 170 million, including ﷲ 90 million as bridge financing for a loan to be obtained from the Saudi Industrial Development Fund (SIDF), ﷲ 45 million as bank guarantees in favor of SIDF, and the remaining ﷲ 35 million for working capital requirements. On 12 January 2026, the agreement was renewed, whereby the bridge financing was revised to ﷲ 66 million, ﷲ 45 million remained allocated for bank guarantees, and the working capital credit line was increased to ﷲ 127 million, including guarantees to suppliers. In addition, a hedging facility with a limit of ﷲ 56.25 million was made available to enable the Company to enter into Sharia-compliant foreign exchange contracts (spot or forward basis). As at the reporting date, ﷲ 65.6 million of the bridge financing has been drawn down and ﷲ 90.32 million relating to working capital facilities has been utilized at predetermined profit rates. The Company has provided a promissory note covering the full value of the financing facilities as collateral for this financing.
- On 16 June 2025, the Company entered into a Sharia-compliant credit facility agreement with a local commercial bank with a total credit limit of ﷲ 40 million, of which ﷲ 30 million has been utilized at predetermined profit rates to finance working capital requirements. The Company has provided promissory notes covering the full value of the facility as collateral.

#### 2. Loans from Saudi Industrial Development Fund (SIDF):

- On 18 November 2025, the Company received the first tranche of a loan from the Saudi Industrial Development Fund (SIDF) amounting to ﷲ 23.9 million, out of an approved total facility of ﷲ 90 million. The proceeds were used to settle bridge financing previously obtained from a local commercial bank, after deducting related loan processing charges paid to SIDF. The facility allows for further drawdowns, with the availability period ending on 31 August 2026.

#### 3. Loan from a finance company:

- The Company entered into an agreement with a finance company in 2022 and 2023 to obtain financing facilities amounting to ﷲ 16 million at an agreed Murabaha rate to fund capital expenditures. As at the reporting date, the outstanding balance under this facility is ﷲ 5.78 million.
- On 27 Sha'ban 1447H (corresponding to 15 February 2026), the Company entered into a Sukuk financing arrangement amounting to ﷲ 20,000,000. As of 31 March 2026, no amounts have been utilized under this arrangement.

#### 4. Loans from Saudi Export and Import Bank:

The Company entered into a Murabaha financing agreement with the Saudi Export-Import Bank in 2023 to support its working capital requirements, with an initial facility limit of ﷲ 36 million. Subsequently, on 3 November 2024, the facility limit was increased to ﷲ 50 million. On 9 October 2025, the facility was renewed and the total credit limit was further increased to ﷲ 75 million, of which ﷲ 48.1 million has been utilized at predetermined profit rates to finance working capital requirements. As security for the financing, promissory notes equivalent to the facility value have been provided.

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 2026, the Company was compliant with these covenants.

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**17- ACCRUED EXPENSES AND OTHER LIABILITIES**

	<b>31 March 2026</b>	<b>31 December 2025</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Employee-related accruals	<b>6,231,497</b>	4,761,348
Shipment charges payable	<b>5,037,864</b>	972,319
Key management personnel remuneration	<b>2,033,664</b>	2,875,456
Advances from customers	<b>2,000,396</b>	402,298
Manpower costs payable	<b>1,315,124</b>	1,452,854
Other	<b>1,168,658</b>	1,379,076
	<b>17,787,203</b>	<b>11,843,351</b>

**18- ZAKAT PROVISION**

The Company submits its Zakat returns to the Zakat, Tax and Customs Authority (ZATCA). 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:

	<b>31 March 2026</b>	<b>31 December 2025</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
As of the beginning of the period / year	<b>4,367,700</b>	3,045,428
Expense for the period / year	<b>1,110,806</b>	4,367,700
Reversal of excessive provision from prior periods	-	(59,303)
Payments	-	(2,986,125)
As of the end of the period / year	<b>5,478,506</b>	<b>4,367,700</b>

The Company has filed Zakat return for all the years up to 2024 to the Tax and Custom Authority (the "ZATCA") and obtained the zakat certificate during the year 2025. As of the reporting date, there are no open Zakat assessments. The Company has also received Zakat assessments from ZATCA and has settled its position with the authority for all years up to 2024.

The Zakat expense charged during the period / year is calculated as follow:

	<b>31 March 2026</b>	<b>31 December 2025</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Profit for the period / year	<b>21,598,389</b>	65,201,543
Adjustments	<b>(1,110,806)</b>	(4,308,397)
Adjusted net profit	<b>20,487,583</b>	60,893,146
Additions	<b>415,302,967</b>	407,647,357
Deductions	<b>(240,536,161)</b>	(238,204,527)
Net Zakat base	<b>174,766,806</b>	169,442,830
Due Zakat	<b>1,110,806</b>	4,367,700

**19- REVENUE**

	<b>Three-month period ended 31 March</b>	
	<b>2026</b>	<b>2025</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Export sales	<b>400,962,224</b>	174,980,340
Local sales	<b>92,687,357</b>	92,563,274
	<b>493,649,581</b>	<b>267,543,614</b>

Revenue is recognized at a point in time, which is the moment control (risk and reward) of the products is transferred to the customers.

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**20- COST OF REVENUE**

	<b>Three-month period ended 31 March</b>	
	<b>2026</b>	<b>2025</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Cost of goods sold	<b>422,512,907</b>	215,065,853
Production cost	<b>29,925,902</b>	18,105,912
Depreciation of property, plant and equipment	<b>3,674,529</b>	2,636,326
Spare parts consumed	<b>3,017,511</b>	1,173,772
Repair and maintenance	<b>969,602</b>	1,041,126
Insurance cost	<b>694,532</b>	288,001
Depreciation of right-of-use assets	<b>201,135</b>	386,632
Other	<b>2,495,984</b>	376,466
	<b>463,492,102</b>	<b>239,074,088</b>

**21- GENERAL AND ADMINISTRATIVE EXPENSES**

	<b>Three-month period ended 31 March</b>	
	<b>2026</b>	<b>2025</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Salaries, wages and other benefits	<b>3,189,982</b>	3,271,400
Professional consulting fee	<b>310,634</b>	1,185,612
Office expenses	<b>102,600</b>	71,230
Government expenses	<b>87,271</b>	59,303
Depreciation of property, plant and equipment	<b>70,373</b>	36,206
Depreciation of right-of-use assets	<b>45,016</b>	41,322
Other	<b>363,723</b>	131,656
	<b>4,169,599</b>	<b>4,796,729</b>

**22- FINANCE INCOME - NET**

	<b>Three-month period ended 31 March</b>	
	<b>2026</b>	<b>2025</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Income on derivative contracts	<b>3,323,917</b>	-
Interest income on fixed deposits	<b>185,871</b>	-
	<b>3,509,788</b>	-

**23- FINANCE COST**

	<b>Three-month period ended 31 March</b>	
	<b>2026</b>	<b>2025</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Interest expense on short-term borrowings	<b>4,270,933</b>	2,385,140
Interest expense on long-term borrowings	<b>1,770,452</b>	647,465
Bank charges and commissions	<b>588,855</b>	281,974
Interest expense on lease liabilities	<b>42,725</b>	73,274
	<b>6,672,965</b>	<b>3,387,853</b>

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### 24- EARNING PER SHARE

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

	Three-month period ended 31 March	
	2026	2025
	(Unaudited)	(Unaudited)
<b>Profit for the period</b>	<b>20,487,583</b>	18,274,550
<b>Number of shares:</b>		
Weighted average number of shares for purposes of calculating basic earnings per share (share)	<b>227,836,000</b>	224,320,000
Weighted average number of shares for purposes of calculating diluted earnings per share (share)	<b>228,320,000</b>	228,320,000
<b>Earnings per share:</b>		
Basic	<b>0.090</b>	0.081
Diluted	<b>0.090</b>	0.080

The weighted average number of shares has been retrospectively adjusted for comparative periods to reflect the impact of bonus shares issued subsequently.

### 25- TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties include key management personnel of the Company, comprising members of the Board of Directors and senior management. Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Company, directly or indirectly.

#### Remuneration of Key Management Personnel and Board of Directors

	Three-month period ended 31 March	
	2026	2025
	(Unaudited)	(Unaudited)
Senior management salaries and allowances	<b>2,552,835</b>	1,980,524
Board of Directors' rewards and allowances	<b>300,000</b>	249,999
	<b>2,852,835</b>	2,230,523

As of 31 March 2026, an outstanding balance of ﷲ 2,033,664 (31 December 2025: ﷲ 2,875,456) is payable to key management personnel in respect of remuneration. This balance is included in accrued expenses and other liabilities in the interim condensed statement of financial position.

### 26- CONTINGENCIES AND COMMITMENTS

#### Contingencies

As of 31 March 2026, the Company had outstanding letters of guarantee issued by a local commercial bank in the normal course of business amounting to ﷲ 47,861,864 (31 December 2025: ﷲ 47,861,864).

#### Commitments

The Company had no capital or other contractual commitments outstanding as of 31 March 2026 and 31 December 2025.

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**27- SEGMENT INFORMATION**

The Company operates in a single operating segment, which includes the export, wholesale, and retail trade of scrap, aluminum, copper, plastic, electrical and electronic appliances, spare parts, tires, glass, and various types of iron, as well as related sorting, storage, and distribution activities.

This classification is based on the internal reports reviewed regularly by the Chief Operating Decision Maker (CODM) to make strategic decisions and assess performance.

As the Company's operations are integrated and managed as a single business unit, no separate segment financial information is reported internally. Accordingly, the Company has determined that it has only one reportable operating segment.

Revenue and profit for this operating segment are consistent with the revenue and net profit presented in the interim condensed financial statements.

There have been no changes in the basis of segmentation or the measurement of segment results compared to the annual financial statements for the year ended 31 December 2025.

**28- FAIR VALUE AND FINANCIAL INSTRUMENT RISKS MANAGEMENT****28-1 Financial instrument fair value measurement**

The table below shows book values and fair values of financial assets and liabilities including their levels in the fair value hierarchy. Fair value of financial assets and liabilities carried at amortized costs approximate its fair value mainly.

	31 March 2026 (Unaudited)				
	Book value		Fair value		
	Fair value	Amortized cost	Level 1	Level 2	Level 3
<b>Financial assets at amortized cost</b>					
Trade receivables	-	267,727,560	-	-	-
Margin deposits	-	23,136,616	-	-	-
Refundable deposits	-	970,575	-	-	-
Derivative instruments	801,517	-	-	801,517	-
Cash and cash equivalents	-	18,473,908	-	-	-
<b>Total financial assets</b>	<b>801,517</b>	<b>310,308,659</b>	-	<b>801,517</b>	-
<b>Financial liabilities at amortized cost</b>					
Long-term borrowings	-	113,721,828	-	-	-
Lease liabilities	-	2,211,549	-	-	-
Trade payables	-	121,531,997	-	-	-
Accrued expenses and other liabilities	-	17,787,203	-	-	-
Short-term borrowings	-	252,034,758	-	-	-
<b>Total financial liabilities</b>	-	<b>507,287,335</b>	-	-	-

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**28- FAIR VALUE AND FINANCIAL INSTRUMENT RISKS MANAGEMENT (CONTINUED)****28-1 Financial instrument fair value measurement (Continued)**

	31 December 2025 (Audited)				
	Book value		Fair value		
	Fair value	Amortized cost	Level 1	Level 2	Level 3
<b>Financial assets at amortized cost</b>					
Trade receivables	-	232,797,065	-	-	-
Refundable deposits	-	970,575	-	-	-
Cash and cash equivalents	-	17,197,502	-	-	-
<b>Total financial assets</b>	-	250,965,142	-	-	-
<b>Financial liabilities at amortized cost</b>					
Long-term borrowings	-	112,818,783	-	-	-
Lease liabilities	-	2,331,434	-	-	-
Trade payables	-	71,263,028	-	-	-
Accrued expenses and other liabilities	-	11,843,351	-	-	-
Short-term borrowings	-	231,353,314	-	-	-
<b>Total financial liabilities</b>	-	429,609,910	-	-	-

**28-2 Financial instruments risks management**

The Company is exposed to credit risk, liquidity risk and market risk. Market risk includes foreign exchange risk, interest rate risk and commodity price risk. The Company's overall risk management framework seeks to minimize potential adverse effects on its financial performance.

The Company uses derivative financial instruments, including commodity future contracts and foreign exchange arrangements, to hedge its exposure to fluctuations in commodity prices and foreign currency exchange rates. These instruments are designated as cash flow hedges where applicable.

**Credit risks**

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk through its trade receivables, margin deposits, refundable deposits and cash at bank. The carrying amount of the financial assets represents the maximum exposure to credit risk.

The Company manages credit risk related to trade receivables by setting credit limits for each customer and monitoring outstanding balances. The Company evaluates the expected credit loss on trade receivables under IFRS 9 by considering customer creditworthiness, historical collection patterns, and economic conditions. Aging of receivables is closely monitored to prevent the Company from incurring material bad debts.

The Company is also exposed to credit risk in relation to refundable deposits placed with brokers for trading activities on the London Metal Exchange. These deposits are classified within prepayments and other receivables and represent amounts held with financial intermediaries to facilitate derivative trading activities. The Company manages this risk by dealing with reputable brokerage institutions and monitoring exposure on an ongoing basis.

Cash balances are placed with banks and financial institutions that have high credit ratings, minimizing the risk of default. The Company does not retain guarantees or collateral to mitigate credit risk associated with these financial instruments.

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**28- FAIR VALUE AND FINANCIAL INSTRUMENT RISKS MANAGEMENT (CONTINUED)****28-2 Financial instruments risks management (Continued)****Credit risks (Continued)****Assessing the expected credit losses of the trade receivables:**

Management performs an impairment analysis at each reporting date using a matrix-based approach for calculating the expected credit losses (ECL) provision. The loss rate for each segment is determined based on historical loss data, grouped by days past due and customer segments with similar loss patterns. These loss rates are regularly reviewed and adjusted to reflect both historical credit loss experience and forward-looking information relevant to the credit risk of the receivables.

The table below presents information on the exposure to credit risk and the calculated expected credit losses for trade receivables from customers:

<b>As of 31 March 2026</b>	<b>Not yet due</b>	<b>Less than 90 days</b>	<b>91-180 days</b>	<b>181-270 days</b>	<b>271-360 days</b>	<b>More than 360 days</b>	<b>Total</b>
<b>Loss rate</b>	-	<b>0.69%</b>	<b>7.28%</b>	<b>28.99%</b>	<b>93.63%</b>	<b>100%</b>	<b>1.71%</b>
<b>Exposure</b>	-	<b>268,881,106</b>	<b>336,360</b>	<b>470,233</b>	<b>790,457</b>	<b>1,908,110</b>	<b>272,386,266</b>
<b>Expected loss</b>	-	<b>1,849,646</b>	<b>24,490</b>	<b>136,343</b>	<b>740,117</b>	<b>1,908,110</b>	<b>4,658,706</b>
<b>As of 31 December 2025</b>	<b>Not yet due</b>	<b>Less than 90 days</b>	<b>91-180 days</b>	<b>181-270 days</b>	<b>271-360 days</b>	<b>More than 360 days</b>	<b>Total</b>
Loss rate	-	0.55%	5.29%	22.94%	83.90%	100%	1.46%
Exposure	2,478,324	229,224,321	1,645,112	790,457	1,157,861	954,256	236,250,331
Expected loss	-	1,259,110	87,073	181,340	971,487	954,256	3,453,266

**Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk may arise from the inability to generate sufficient cash flows or access funding sources to meet such commitments when they fall due.

The table below presents the contractual maturities of the Company's financial liabilities at the end of the reporting period, showing the undiscounted cash flows required to settle these liabilities:

	<b>31 March 2026</b>			
	<b>Carrying amount</b>	<b>Total</b>	<b>One year or less</b>	<b>One to five years</b>
Long-term borrowings	<b>113,721,828</b>	<b>122,401,682</b>	<b>31,107,636</b>	<b>91,294,046</b>
Lease liabilities	<b>2,211,549</b>	<b>2,440,973</b>	<b>838,389</b>	<b>1,602,584</b>
Trade payables	<b>121,531,997</b>	<b>121,531,997</b>	<b>121,531,997</b>	-
Accrued expenses and other liabilities	<b>17,787,203</b>	<b>17,787,203</b>	<b>17,787,203</b>	-
Short-term borrowings	<b>252,034,758</b>	<b>255,754,284</b>	<b>255,754,284</b>	-
	<b>507,287,335</b>	<b>519,916,139</b>	<b>427,019,509</b>	<b>92,896,630</b>
	<b>31 December 2025</b>			
	<b>Carrying amount</b>	<b>Total</b>	<b>One year or less</b>	<b>One to five years</b>
Long-term borrowings	112,818,783	123,792,961	21,454,686	102,338,275
Lease liabilities	2,331,434	2,604,917	1,003,394	1,601,523
Trade payables	71,263,028	71,263,028	71,263,028	-
Accrued expenses and other liabilities	11,843,351	11,843,351	11,843,351	-
Short-term borrowings	231,353,314	235,044,014	235,044,014	-
	<b>429,609,910</b>	<b>444,548,271</b>	<b>340,608,473</b>	<b>103,939,798</b>

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## **28- FAIR VALUE AND FINANCIAL INSTRUMENT RISKS MANAGEMENT (CONTINUED)**

### **28-2 Financial instruments risks management (Continued)**

#### **Market price risks**

Market price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market prices, including interest rates and foreign exchange rates. These fluctuations can impact the Company's profit or the value of its financial assets and liabilities.

The Company's objective in managing market risk is to ensure that exposure remains within acceptable limits while optimizing returns for shareholders. The Company monitors and manages market risks through risk identification, hedging strategies and sensitivity analyses.

During the period, the Company entered into derivative financial instruments, including forward contracts in the London Metal Exchange (LME) and structured foreign exchange arrangements with financial institutions. These instruments are used to hedge exposure to market price and foreign currency risks and are designated as cash flow hedges where hedge accounting criteria are met.

#### **Currency risks**

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates, which can affect the Company's financial position or performance. Currency risk arises from financial assets and liabilities that are denominated in currencies other than the Company's functional currency.

The Company's exposure to currency risk related to the USD is minimal, as the exchange rate between the Saudi Riyal (ﷲ) and the USD is pegged. Furthermore, management has entered into currency hedging arrangements to manage foreign exchange exposure, thereby limiting fluctuations. Management periodically monitors the Euro exchange rate to assess potential currency risks and takes necessary steps to mitigate any adverse impact on the Company's financial performance.

#### **Interest rate risks**

Interest rate risk arises from fluctuations in the fair value or future cash flows of financial instruments due to changes in market interest rates. The Company is exposed to interest rate risk through its floating rate financial liabilities.

As of 31 March 2026, the Company's exposure to variable interest rate borrowings remains consistent with the levels disclosed in the annual financial statements. The Company continues to monitor its exposure on an ongoing basis.

#### **Commodity price risk**

Commodity price risk arises from fluctuations in prices of commodities traded in the London Metal Exchange (LME), which may affect the Company's financial performance. The Company manages this exposure through forward contracts entered into during the period, which are designated as cash flow hedges where hedge accounting criteria are met.

## **29- CAPITAL MANAGEMENT**

For the purposes of the Company's capital management, capital includes issued share capital, retained earnings and other reserves attributable to the shareholders of the Company, less treasury shares.

The Company's primary objective in managing capital is to ensure that it maintains a strong capital base in order to support its business operations, maintain investor, creditor and market confidence, and maximize shareholder value.

The Company manages its capital structure and makes adjustments to it in response to changes in economic conditions and the risk characteristics of its operations. Such adjustments may include the payment of dividends, return of capital to shareholders, issuance of new shares, or obtaining or repayment of borrowings.

The Company monitors capital using a gearing ratio, which is calculated as net debt divided by total equity. Net debt is calculated as total borrowings less cash and cash equivalents.

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### 29- CAPITAL MANAGEMENT (CONTINUED)

	<u>31 March 2026</u>	<u>31 December 2025</u>
	(Unaudited)	(Audited)
Long-term borrowings	113,721,828	112,818,783
Lease liabilities	2,211,549	2,331,434
Short-term borrowings	252,034,758	231,353,314
Cash and cash equivalents	(18,473,908)	(17,197,502)
Net debts	349,494,227	329,306,029
Equity	320,021,962	298,732,862
<b>Gearing</b>	<b>109%</b>	<b>110%</b>

The Company is subject to externally imposed capital requirements arising mainly from its financing arrangements with lenders. As of 31 March 2026, and 31 December 2025, the Company was in compliance with all externally imposed capital requirements.

There were no changes in the Company's objectives, policies or processes for managing capital during the three-month period ended 31 March 2026 compared to the year ended 31 December 2025.

### 30- COMPARATIVE FIGURES

Certain comparative figures have been reclassified where necessary to conform current period presentation. However, there are no significant reclassifications during the period.

### 31- SUBSEQUENT EVENTS

Subsequent to the reporting period, on 27 Shawwal 1447H (corresponding to 15 April 2026), the Company entered into a USD/SAR forward contract under a rolling arrangement to sell USD 20,000,000 per month.

In addition, the Company entered into an agreement with a local commercial bank to increase its existing Sharia-compliant credit facility from ﷲ 40 million to ﷲ 100 million. The additional facility is intended to support the Company's working capital requirements. A promissory note equivalent to the revised facility amount has been provided as security.

Furthermore, the Company submitted its Zakat return for the year ended 31 December 2025 to the Zakat, Tax and Customs Authority (ZATCA) on 6 Dhu al-Qa'dah 1447H (corresponding to 23 April 2026).

Except for the matters mentioned above, management believes that there have been no other significant subsequent events since 31 March 2026 up to the date of approval of these interim condensed financial statements that may have a material impact on, or require adjustment to, the Company's interim condensed financial statements for the period ended on that date.

### 32- APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements were approved by the Company's Board of Directors on 10 Dhu al-Qa'dah 1447H (corresponding to 27 April 2026).