

**TAKWEEN ADVANCED INDUSTRIES
(A SAUDI JOINT STOCK COMPANY)
CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS (UN-AUDITED)
FOR THE THREE AND SIX MONTHS
PERIOD ENDED JUNE 30, 2025
WITH INDEPENDENT AUDITOR'S REVIEW REPORT**

TAKWEEN ADVANCED INDUSTRIES
(A SAUDI JOINT STOCK COMPANY)
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE AND SIX MONTHS PERIOD ENDED JUNE 30, 2025
WITH INDEPENDENT AUDITOR'S REVIEW REPORT

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INDEPENDENT AUDITOR'S REVIEW REPORT ON CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The shareholders

Takween Advanced Industries

(A Saudi Joint Stock Company)

Al-Khobar, Kingdom of Saudi Arabia

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Takween Advanced Industries (the "Company"), a Saudi Joint Stock Company and its subsidiaries (collectively referred to as the "Group") as at June 30, 2025, and the related condensed consolidated interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three-months and six-months periods then ended and other explanatory notes. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim 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" as 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 as 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 condensed consolidated interim financial statements are not prepared in, all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

For Al-Kharashi & Co.



Abdullah S. Al-Msned

License No. (456)




Riyadh:

August 10, 2025 G

Safar 16, 1447 H

TAKWEEN ADVANCED INDUSTRIES
(A SAUDI JOINT STOCK COMPANY)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2025

		June 30, 2025 (Un-audited)	December 31, 2024 (Audited)
	Note	SR '000	SR '000
ASSETS			
Non-current assets			
Property, plant and equipment		447,435	445,955
Intangible assets		565	1,190
Goodwill		323,582	323,582
Investments in an associate		85,371	91,516
Total non-current assets		856,953	862,243
Current assets			
Inventories	3	74,803	77,583
Trade receivables	4	164,671	176,389
Due from related parties		49,772	49,125
Prepaid expenses and other assets		39,755	27,225
Investment held at amortized cost		3,583	3,104
Cash and cash equivalents	5	24,285	6,296
Assets held for sale		38,926	42,060
Total current assets		395,795	381,782
TOTAL ASSETS		1,252,748	1,244,025
EQUITY AND LIABILITIES			
Equity			
Share capital	6	764,646	764,646
Other reserves		(74,352)	(74,659)
Accumulated losses		(333,918)	(298,350)
Total equity		356,376	391,637
LIABILITIES			
Non-current liabilities			
Long-term loans	7	140,659	103,176
Lease liabilities – non-current portion		20,620	23,362
Employee benefits		26,794	28,157
Deferred tax		453	445
Total non-current liabilities		188,526	155,140
Current liabilities			
Current portion of long-term loans	7	76,412	43,541
Short-term loans	7	428,985	412,182
Lease liabilities – current portion		9,776	12,480
Trade payables		77,626	72,466
Due to related parties		2,414	731
Accrued payables and other liabilities		109,477	152,727
Zakat payable		1,737	1,737
Liabilities directly associated with the assets held for sale		1,419	1,384
Total current liabilities		707,846	697,248
Total liabilities		896,372	852,388
TOTAL EQUITY AND LIABILITIES		1,252,748	1,244,025


Mohamed Abdelrasoul
Chief Financial Officer

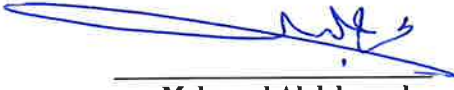

Majed Nofal
Chief Executive Officer


Abdulmohsen Al-Othman
Chairman

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

TAKWEEN ADVANCED INDUSTRIES
(A SAUDI JOINT STOCK COMPANY)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE THREE AND SIX MONTH PERIOD ENDED JUNE 30, 2025

	Note	From April 1 to June 30		From January 1 to June 30	
		2025	2024	2025	2024
		(Un-audited) SR '000	(Un-audited) SR '000	(Un-audited) SR '000	(Un-audited) SR '000
Revenue	11	138,381	161,827	283,382	344,968
Cost of revenue		(126,795)	(140,664)	(253,424)	(296,706)
Gross profit		11,586	21,163	29,958	48,262
Administrative expenses		(10,620)	(7,502)	(20,461)	(13,931)
Selling, marketing and distribution expenses		(9,135)	(7,232)	(16,394)	(17,020)
Operating (loss) / income		(8,169)	6,429	(6,897)	17,311
Finance charges		(16,112)	(11,390)	(29,623)	(26,752)
Other income, net		1,612	1,083	7,384	3,570
Share in result of equity-accounted investment		(3,222)	(267)	(6,145)	(2,239)
Loss before zakat and income tax		(25,891)	(4,145)	(35,281)	(8,110)
Zakat and income tax		(158)	(24)	(287)	(56)
Net loss for the period		(26,049)	(4,169)	(35,568)	(8,166)
Other comprehensive income:					
Item that may be reclassified to statement of profit or loss					
Exchange differences on translation of foreign operation		249	(2,622)	307	(10,995)
Share of other comprehensive income from associate		-	157	-	157
Other comprehensive loss for the period		249	(2,465)	307	(10,838)
Total comprehensive loss for the period		(25,800)	(6,634)	(35,261)	(19,004)
Loss per share (SR)					
Basic and diluted loss per share	12	(0.34)	(0.06)	(0.47)	(0.12)


Mohamed Abdelrasoul
Chief Financial Officer


Majed Nofal
Chief Executive Officer


Abdulmohsen Al-Othman
Chairman

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TAKWEEN ADVANCED INDUSTRIES
(A SAUDI JOINT STOCK COMPANY)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2025

	Share capital	Other reserves	Accumulated losses	Total
	SR '000	SR '000	SR '000	SR '000
Balance as at January 1, 2024 (audited)	464,646	(63,317)	(197,576)	203,753
Increase in share capital through rights issue (note 6)	300,000	-	-	300,000
Capital increase expenses (note 6)	-	-	(24,939)	(24,939)
Net loss for the period	-	-	(8,166)	(8,166)
Other comprehensive loss for the period	-	(10,838)	-	(10,838)
Total comprehensive loss for the period	-	(10,838)	(8,166)	(19,004)
Balance as at June 30, 2024 (un-audited)	764,646	(74,155)	(230,681)	459,810
Balance as at January 1, 2025 (audited)	764,646	(74,659)	(298,350)	391,637
Net loss for the period	-	-	(35,568)	(35,568)
Other comprehensive income for the period	-	307	-	307
Total comprehensive loss for the period	-	307	(35,568)	(35,261)
Balance as at June 30, 2025 (un-audited)	764,646	(74,352)	(333,918)	356,376



Mohamed Abdelrasoul
Chief Financial Officer



Majed Yofal
Chief Executive Officer




Abdulmohsen Al-Othman
Chairman

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

TAKWEEN ADVANCED INDUSTRIES
(A SAUDI JOINT STOCK COMPANY)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2024

	From January 1 to June 30	
	June 30, 2025	June 30, 2024
	(Un-audited)	(Un-audited)
	SR '000	SR '000
OPERATING ACTIVITIES		
Net loss for the period	(35,281)	(8,110)
Adjustments for:		
Depreciation and amortization	21,630	19,251
Write-off property, plant and equipment	-	15
Gain on disposal of fixed assets	(3,224)	(1,249)
Change in allowance for trade receivables	-	(2,025)
Change in allowances for inventories	-	(8,938)
Change in inventory valuation	-	(7,452)
Finance charges	29,623	26,752
Provision for employee benefits	2,657	2,435
Interest income on investment held at amortized cost	(356)	(395)
Share of loss of equity-accounted investees	6,145	2,239
	<u>21,194</u>	<u>22,523</u>
Movement in working capital:		
Inventories	2,769	1,380
Trade receivables	11,677	28,740
Due from related parties	(647)	(42,302)
Prepaid expenses and other receivable	(13,171)	(30,929)
Trade payables	5,160	62,650
Due to related parties	1,683	486
Accrued payable and other liabilities	(43,474)	(15,105)
Cash (used in) / generated from operations	<u>(14,809)</u>	<u>27,443</u>
Employee benefits paid	<u>(4,020)</u>	<u>(3,440)</u>
Net cash (used in) / generated operating activities	<u>(18,829)</u>	<u>24,003</u>
INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(20,677)	(4,815)
Proceeds from disposal of property, plant and equipment	6,885	1,312
(Investment in) / proceeds from investment held at amortized costs	(123)	2,277
Interest income from investment held at amortized costs	362	-
Net cash used in investing activities	<u>(13,553)</u>	<u>(1,226)</u>
FINANCING ACTIVITIES		
Issued shares net of underwriting commission	-	275,061
Proceeds of loans	693,928	666,928
Repayment of loans	(605,359)	(913,339)
Repayment of principal of lease liability	(7,434)	(3,699)
Finance charges paid	(31,035)	(29,325)
Net cash generated from / (used in) financing activities	<u>50,100</u>	<u>(4,374)</u>
Net change in cash and cash equivalents	<u>17,718</u>	<u>18,403</u>
Cash and cash equivalents at the beginning of the period	6,296	5,892
Foreign currency translation reserve	271	(9,392)
Cash and cash equivalents at the end of the period (Note 5)	<u>24,285</u>	<u>14,903</u>


Mohamed Abdehrasoul
Chief Financial Officer


Majed Nofal
Chief Executive Officer


Abdulmohsen Al-Othman
Chairman

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

TAKWEEN ADVANCED INDUSTRIES

(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2025****1. ORGANIZATION AND PRINCIPAL ACTIVITIES**

Takween Advanced Industries (“the Company”) is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under commercial registration number 2051044381 issued in Al Khobar on Muharram 9, 1432H (December 15, 2010).

The Company’s registered office is located at Al Khobar, Kingdom of Saudi Arabia.

The principal activities of the Company and its subsidiaries (“the Group”), each of which operates under individual commercial registration, are:

- Owning of factories with various plastic products manufacturing together with maintaining, operating and managing;
- Production of disposable polystyrene cups, lids and other plastic related products;
- Production of non-woven fabrics;
- Production of PET (Polyethylene Terephthalate) pre-forms;
- Manufacturing of, and wholesale trading in plastic containers and films;
- Manufacturing of, and wholesale and retail trading in plastic containers and polyethylene cups, rolls, bags.
- Managing and operating of industrial centers;
- Owning of land for the purpose of establishing and developing factories;
- Establishing industrial institutes and providing and coordinating for training courses related to developing of plastic products;
- Import and export, wholesale and retail trade in various kind of plastic products; and
- Establishing, managing, operating and maintaining different industrial project.

The condensed consolidated interim financial statements include the financial statements of the Company and its subsidiaries as listed below:

	Effective ownership	
	June 30, 2025	December 31, 2024
Saudi Plastic Packaging Systems (“Saudi Packaging”)	100%	100%
Al-Sharq Company for Plastic Industries Limited (“Al-Sharq”)	100%	100%
New Marina for Plastic Industries Company (S.A.E.) (“New Marina”)	100%	100%
Ultra-Pak Manufacturing Company (“Ultra Pak”)	100%	100%

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES**2.1 Basis of Preparation**

These condensed consolidated interim financial statements for the three-month and six-month period ended June 30, 2025, have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting (“IAS 34”) as endorsed in the Kingdom of Saudi Arabia. These condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and hence should be read in conjunction with the Group’s annual financial statements for the year ended December 31, 2024.

These condensed consolidated interim financial statements have been prepared on the historical cost convention except for where International Financial Reporting Standards (“IFRSs”) requires other measurement basis.

The principal accounting policies applied in the preparation of condensed consolidated interim financial statements are consistent with those of the previous financial year and the respective corresponding interim reporting period.

The preparation of condensed consolidated interim financial statements required management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts in the condensed consolidated interim financial statements. These critical accounting judgements and key sources of estimations were the same as those described in the last annual financial statements.

These condensed consolidated interim financial statements are presented in Saudi Riyals (SR) in thousands, which is the Group’s functional and presentation currency.

TAKWEEN ADVANCED INDUSTRIES
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTHS PERIOD ENDED JUNE 30, 2025

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.2 Goodwill

Management has performed annual impairment testing of Goodwill amounting to SR 323.58 million as of December 31, 2024. The assessment, which was reviewed by an independent party for the reasonableness of the methodology used by management, included assumptions related to the future sales volume, prices, operating assets, growth rates, terminal value and other related assets. The outcome of these assumptions is highly dependent on the success of the future operations of the Group and market conditions as estimated by management and achieving its plans in future. Management considers these assumptions to be realistic and achievable in view of its operational plan and is confident of its ability to meet these future plans. Management believes that the carrying value of cash generating units' assets including goodwill will not exceed their recoverable amount. Accordingly, no impairment was recorded for goodwill as of December 31, 2024, and June 30, 2025.

2.3 Basis of consolidation

The condensed consolidated interim financial statements incorporate the financial statements of Takween Advanced Industries and of its subsidiaries (the "Group") as detailed in note 1. Control is achieved when the Group:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.
- The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.
- When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:
- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the period are included in the condensed consolidated interim statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Condensed consolidated interim statement of profit or loss and each component of other comprehensive income are attributed to the shareholders of the Group. Total comprehensive income of subsidiaries is attributed to the shareholders of the Group.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

TAKWEEN ADVANCED INDUSTRIES
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTHS PERIOD ENDED JUNE 30, 2025

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.3 Basis of consolidation (continued)

2.3.1 Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to shareholders of the Group.

When the Group loses control of a subsidiary, a gain or loss is recognized in the condensed consolidated interim statement of profit or loss and other comprehensive income and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified condensed consolidated interim statement of profit or loss and other comprehensive income or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded either at fair value on initial recognition for subsequent accounting under IFRS 9, or at the cost on initial recognition of an investment in an associate or a joint venture.

2.4 Use of Judgments and Estimates

In preparing these Condensed Consolidated Interim Financial Statements, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income, and expense. Actual results may differ from these estimates. The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual Consolidated Financial Statement.

2.5 New Standards, Amendments to Standards and Interpretations

A number of new standards, amendments to standards are effective from January 1, 2025, but they do not have a material effect on the Group's condensed consolidated interim financial statements.

Certain new accounting standards and interpretations have been published that are not mandatory for June 30, 2025 reporting period and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

3. INVENTORIES

	June 30, 2025 (Un-audited) SR '000	December 31, 2024 (Audited) SR '000
Finished goods	20,278	28,653
Raw and packaging materials and work in progress	27,564	22,131
Spare parts	28,682	28,500
	76,524	79,292
Allowance for inventories	(1,721)	(1,709)
	74,803	77,583

4. TRADE RECEIVABLES

	June 30, 2025 (Un-audited) SR '000	December 31, 2024 (Audited) SR '000
Trade receivables – third parties	244,871	257,127
Allowance for impairment for trade receivables	(80,200)	(80,738)
	164,671	176,389

TAKWEEN ADVANCED INDUSTRIES
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTHS PERIOD ENDED JUNE 30, 2025

5. Cash and cash equivalents

	June 30, 2025 (Un-audited) SR ‘000	December 31, 2024 (Audited) SR ‘000
Cash in hand	172	205
Cash at bank	21,426	6,091
1-month deposit (cash equivalent)	2,687	-
Cash and cash equivalents	24,285	6,296

6. Share capital

As of June 30, 2025, the Group’s share capital was SR 764,646,060 (December 31, 2024: SR 764,646,060), divided into 76,464,606 fully paid shares (December 31, 2024: 76,464,606), each with a nominal value of SR 10.

On February 13, 2024 (Sha’ban 3, 1445H), the shareholders approved the board's recommendation to increase share capital through a rights issue, raising SR 300 million. The rights issue offered 1 new share for every 1.55 shares held, increasing the total share count to 76,464,606 shares. Transaction costs of SR 24.94 million related to the issuance were recorded.

All regulatory requirements for this capital increase were met during 2024.

Summary of share capital

	June 30, 2025 (Un-audited) SR ‘000	December 31, 2024 (Audited) SR ‘000
Authorized share capital (in shares of SR 10 each)	764,646	764,646
Issued, subscribed and fully paid-up share capital	764,646	764,646
Reconciliation of number of shares outstanding (in “000”)	June 30, 2025 (Un-audited)	December 31, 2024 (Audited)
Opening balance	76,465	46,465
Increase of shares	-	30,000
Closing balance	76,465	76,465

TAKWEEN ADVANCED INDUSTRIES
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTHS PERIOD ENDED JUNE 30, 2025

7. BORROWINGS

	June 30, 2025 (Un-audited)	December 31, 2024 (Audited)
	SR '000	SR '000
Long-term loans (a)	217,071	146,717
Short-term loans (b)	428,985	412,182

a) Long-term loans

	June 30, 2025 (Un-audited)	December 31, 2024 (Audited)
	SR '000	SR '000
Commercial loan	217,071	146,717
Less: current portion	(76,412)	(43,541)
Non-current portion of long-term loans	140,659	103,176

Commercial loan

In 2023, the Group entered a Tawarroq Financing Agreement with local bank for SR 40 million, repayable in quarterly installments from March 2023 to December 2026.

In 2024, the Group entered a Tawarroq Financing Agreement with local bank for SR 80 million, repayable in monthly installments from October 2024 to September 2027. Further, the Group also entered a financing agreement with local financial institution for SR 80 million, repayable in quarterly installments from April 2025 to January 2028.

In 2025, the Group entered a Murabaha Financing Agreement with local bank for SR 15 million, repayable in quarterly installments from June 2025 to September 2026. Further, the Group also entered a sharia compliant financing agreement with local bank for SR 120 million, repayable in quarterly installments from February 2026 to April 2030.

The Group was in breach of certain loan covenants, monitored annually in December. Remedial actions were taken, including obtaining a waiver from the bank for the year ended December 31, 2024.

b) Short term loans

The Group has established credit facility agreements with local banks, which include overdrafts, short-term loans, letters of credit, and guarantees. These facilities bear financing charges at prevailing market rates and are secured by demand notes, promissory notes, and corporate guarantees from Al-Othman Holding Company.

	June 30, 2025 (Un-audited)	December 31, 2024 (Audited)
	SR '000	SR '000
Commercial banks	333,512	412,182
Loan from shareholder (b-1)	95,473	-
Short term loans	428,985	412,182

b-1) Loan from shareholder

During the period, the Group entered into a short term financing agreement with its majority shareholder, Al Othman Group of Companies for SR 100 million, The loan bears financial charges at prevailing market rates.

TAKWEEN ADVANCED INDUSTRIES
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTHS PERIOD ENDED JUNE 30, 2025

8. RELATED PARTY DISCLOSURES

Balances and transactions between the Group and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

Company	Relationship
Al Othman Group of Companies	Affiliates
Advanced Fabrics Factory Company	Associate

During the period, the Group entered into the following transactions with related parties that are not members of the Group:

<u>Nature of transaction</u>	June 30, 2025 (Un-audited) SR '000	June 30, 2024 (Un-audited) SR '000
Loan from shareholder	95,473	-
Sales during the period	42,445	40,878
Service revenue	2,359	2,409
Finance cost on loan from shareholder	2,473	-
Rentals	520	483
Insurance services	300	316
Accommodation, food and other miscellaneous expenses	41	29
Purchase of materials	16	430
IT services	-	20

9. REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

	June 30, 2025 (Un-audited) SR '000	June 30, 2024 (Un-audited) SR '000
Remuneration	5,496	4,743
House rent allowance	1,163	1,023
Employee benefits	438	370
Bonus	344	346
Medical allowance	82	68
Others	840	616
	8,363	7,166
BOD and related committees' remuneration	78	129

TAKWEEN ADVANCED INDUSTRIES
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTHS PERIOD ENDED JUNE 30, 2025

10. SEGMENTAL INFORMATION

The Group's principal activities are related to the following main business segments, which are its reportable segments.

- **Food packaging:** This segment includes manufacturing and sales of preforms, bottles, caps, cups and lids.
- **Industrial packaging:** This segment includes manufacturing and sales of drums, crates, containers, bags, films, pallets and tubes.

The segments are managed separately because they require different technology and marketing strategies. Segment profit/loss before tax is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries.

No operating segments have been aggregated to form the above reportable operating segments.

Selected financial information as at 30 June 2025 and 30 June 2024, and for the period then ended, categorized by these business segments, is as follows

	Food packaging	Industrial packaging	Total
	SR '000	SR '000	SR '000
For the six months period ended June 30, 2025			
External revenue	227,620	55,762	283,382
Inter-segment revenue	325	2,433	2,758
Segment revenue	227,945	58,195	286,140
Cost of revenue	(203,204)	(50,373)	(253,577)
Administrative expenses	(7,173)	(3,605)	(10,778)
Selling, marketing and distribution expenses	(12,670)	(3,724)	(16,394)
Finance charges	(22,277)	(4,427)	(26,704)
Other Income, net	6,471	585	7,056
Segment results	(10,908)	(3,349)	(14,257)
As at June 30, 2025			
Segment assets	585,461	139,868	725,329
Segment liabilities	321,617	82,134	403,751
	Food packaging	Industrial packaging	Total
	SR '000	SR '000	SR '000
For the six months period ended June 30, 2024			
External revenue	285,340	59,628	344,968
Inter-segment revenue	268	1,233	1,501
Segment revenue	285,608	60,861	346,469
Cost of revenue	(244,627)	(52,344)	(296,971)
Administrative expenses	(2,370)	(2,658)	(5,028)
Selling, marketing and distribution expenses	(12,592)	(4,428)	(17,020)
Finance charges	(19,091)	(5,162)	(24,253)
Other Income, net	2,702	(77)	2,625
Segment results	9,630	(3,808)	5,822
As at December 31, 2024			
Segment assets	604,820	144,388	749,208
Segment liabilities	330,088	83,306	413,394

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10. SEGMENTAL REPORTING (continued)

- (a) **Reconciliation of information on reportable segments to the amounts reported in the consolidated financial statements.** Certain corporate expenses and related assets and liabilities (primarily the Group's headquarters) are not allocated to individual segments. Further, certain consolidation adjustments relating to elimination of inter-company balances are also adjusted. The reconciliation of these amounts are as follows;

	From January 1 to June 30	
	2025	2024
	(Un-audited)	(Un-audited)
	SR '000	SR '000
Revenues		
Segment revenue	286,140	346,469
Elimination of inter-segment revenue	(2,758)	(1,501)
Consolidated revenue	283,382	344,968
Loss before zakat and income tax		
Segment results	(14,257)	5,822
Unallocated amounts	(21,024)	(13,932)
Consolidated loss before zakat and income tax	(35,281)	(8,110)
	June 30, 2025	December 31, 2024
	(Un-audited)	(Audited)
	SR '000	SR '000
Total assets		
Segment assets	725,329	749,208
Unallocated assets	992,673	917,365
Consolidated adjustments	(465,254)	(422,548)
Consolidated total assets	1,252,748	1,244,025
Total liabilities		
Segment liabilities	403,751	413,394
Unallocated liabilities	635,297	524,728
Consolidated adjustments	(142,676)	(85,734)
Consolidated total liabilities	896,372	852,388

(b) **Geographic information**

The geographic information analyses the Group's revenue and non-current assets by the company's country of domicile and other countries. In presenting the geographic information, segment revenue has been based on the geographic location of customers and segment assets were based on the geographic location of the assets.

	From January 1 to June 30	
	2025	2024
	(Un-audited)	(Un-audited)
	SR '000	SR '000
Revenue		
Kingdom of Saudi Arabia	233,973	309,856
Other countries	49,409	35,112
	283,382	344,968
	June 30, 2025	December 31, 2024
	(Un-audited)	(Audited)
	SR '000	SR '000
Non-current assets		
Kingdom of Saudi Arabia	442,156	438,192
Egypt	5,844	8,953
	448,000	447,145

(c) **Major customer**

Revenue from one customer of the Group's both Food and Industrial packaging segments represented approximately SR 44.1 million (2024: SR 40.1 million) of the Group's total revenues.

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11. REVENUE

(a) Revenue streams

The Group generates revenue primarily from the sale of food and industrial packaging products to its customers (refer note 10).

	From January 1 to June 30	
	June 30, 2025	June 30, 2024
	(Un-audited)	(Un-audited)
	SR '000	SR '000
Revenue from contracts with customers	283,382	344,968

(b) Critical judgements in recognizing revenue and allocating transaction price

The Group recognizes revenue when a customer obtains control of the goods at a point in time i.e. on delivery of goods. Revenue is measured based on the consideration specified in the contract with the customer. Transaction price is allocated based on the standalone selling prices of the goods, generally the Group has single performance obligation i.e. delivery of the goods. Apart from the above there is no other critical judgement required in recognizing revenue.

(c) Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by primary geographical market and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments (note 10).

	Food packaging	Industrial packaging	Total
	SR '000	SR '000	SR '000
For the six months period ended June 30, 2025			
<i>Primary geographical markets</i>			
Kingdom of Saudi Arabia	187,718	46,255	233,973
Other countries	39,902	9,507	49,409
	227,620	55,762	283,382
<i>Timing of revenue recognition</i>			
Products transferred at a point in time	227,620	55,762	283,382
External revenue as reported in Segmental reporting (note 10)	227,620	55,762	283,382
For the six months period ended June 30, 2024			
<i>Primary geographical markets</i>			
Kingdom of Saudi Arabia	242,230	51,413	293,643
Other countries	43,110	8,215	51,325
	285,340	59,628	344,968
<i>Timing of revenue recognition</i>			
Products transferred at a point in time	285,340	59,628	344,968
External revenue as reported in Segmental reporting (note 10)	285,340	59,628	344,968

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11. REVENUE (continued)

(d) Contract balances

The following table provides information about trade receivables and contract liabilities from contracts with customers.

	Note	June 30, 2025 (Un-audited) SR '000	December 31, 2024 (Audited) SR '000
Trade receivables – Gross	4	244,871	257,127
Contract liabilities (advance from customers)		92,583	133,863

The contract liabilities primarily relate to the advance consideration received from customers before the goods are delivered. The amount of SR 44.1 million included in advance from customers as at December 31, 2024 has been recognized as revenue in 2025 (2024: SR 40.1 million).

12. LOSS PER SHARE

Basic loss per share is calculated by dividing the loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period.

For diluted loss per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. There were no potentially dilutive shares outstanding at any time during the periods 2024 and 2025.

The weighted average number of shares has been retrospectively adjusted for the prior period to reflect the element of the rights issue as required by IAS 33, "Earnings per share":

The basic and diluted loss per share are as follows:

	From April 1 to June 30		From January 1 to June 30	
	2025	2024	2025	2024
	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
	SR '000	SR '000	SR '000	SR '000
Net loss for the period	(26,049)	(4,169)	(35,568)	(8,166)
Weighted average number of ordinary shares	76,465	68,575	76,465	68,575
Basic and diluted earnings per share	(0.34)	(0.06)	(0.47)	(0.12)

13. CONTINGENCIES AND COMMITMENTS

The Group had the following contingencies and commitments:

	June 30, 2025 (Un-audited) SR '000	December 31, 2024 (Audited) SR '000
Letters of guarantee and others	1,590	2,052
Capital commitments against purchase of property, plant and equipment	15,962	55,439

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14. SUBSEQUENT EVENTS

In the opinion of the management, there have been no significant subsequent events since the period-end that require adjustment of or disclosure in these Condensed Consolidated Interim Financial Statements except below

Master Lease Agreement (MLA): On July 2025, Takween entered into a Sharia-compliant lease agreement for equipment financing amounting SAR 100 million. Key obligations include rent payments, maintenance, and insurance.

Jeddah Plant Sale: Subsequent to 30 June 2025 the group signed an agreement to sell its Jeddah plant (one of its plants classified as assets held for sale) for SAR 16 million, payable in two installments, with transfer completion expected by 1 September 2025.

These events do not require adjustments to the 30 June 2025 Condensed Consolidated Interim Financial Statements but are disclosed as material subsequent events.

15. APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

These condensed consolidated interim financial statements were approved by the Board of Directors for issuance on August 10, 2025 corresponding to Safar 16, 1447 H.