

SAUDI INDUSTRIAL DEVELOPMENT COMPANY (SIDC)
(A Saudi Joint Stock Company)

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
AND INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2026**

**SAUDI INDUSTRIAL DEVELOPMENT COMPANY (SIDC)
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
AND INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2026**

| Index | Pages |
|------------------------------------------------------------------------------------------------|--------------|
| Independent auditor's review report on the interim condensed consolidated financial statements | 1 |
| Interim condensed consolidated statement of financial position | 2 |
| Interim condensed consolidated statement of profit or loss and other comprehensive income | 3 |
| Interim condensed consolidated statement of changes in equity | 4 |
| Interim condensed consolidated statement of cash flows | 5 |
| Notes to the interim condensed consolidated financial statements | 6 - 21 |

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

**To The Shareholders of
Saudi Industrial Development Company (SIDC)
(A Saudi Joint-Stock Company)
Jeddah, Kingdom of Saudi Arabia**

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Saudi Industrial Development Company (SIDC) (a Saudi Joint Stock Company) ("the Company") and its subsidiaries (together referred to "the Group"), as of March 31, 2026, interim condensed consolidated statement of profit or loss and other comprehensive income, interim condensed consolidated statement of changes in equity, and interim condensed consolidated statement of cash flows for the three-month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard (34), "Interim Financial Reporting", that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated 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 statements Performed by the Independent Auditor of the Entity", as endorsed in the Kingdom of Saudi Arabia. A review of interim condensed consolidated 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 ("ISAs"), 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 consolidated financial statements are not prepared, in all material respects, in accordance with International Accounting Standard (34), as endorsed in the Kingdom of Saudi Arabia.

Emphasis of matter

We draw attention to Note (2) to the accompanying interim condensed consolidated financial statements, which indicates that the Group had incurred recurring net losses and was facing liquidity pressures as of December 31, 2024. We also note that the Group had recurring operating losses, negative cash flows from operating activities, and a history of not achieving approved budgeted forecasts, as actual results were lower than previous expectations, which increases the degree of uncertainty associated with management's estimates and assumptions underlying its going concern assessment. However, during the prior year, the Group was able to obtain the required funding from shareholders through a capital increase amounting to SAR 165 million to support its operations and planned investments, including the launch of a new brand identity and expansion of showrooms. Management expects an improvement in the Group's financial performance and operating cash flows, mainly due to obtaining sufficient funding as well as the expansion plans approved by the Board of Directors and presented to shareholders when seeking such funding. Accordingly, the Group's ability to continue as a going concern remains dependent on the successful implementation of the Group's business plans and the achievement of the expected cash flows approved by the Board of Directors. Our conclusion is not modified in respect of this matter.



Crowe Solutions for Professional Consulting

**Mohammad A. AlHajri
License No. 705**

30 Thul Qi'dah 1447H (17 May, 2026)
Jeddah, Kingdom of Saudi Arabia

SAUDI INDUSTRIAL DEVELOPMENT COMPANY (SIDC)
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS OF MARCH 31, 2026
(Expressed in Saudi Riyals)

| | Note | March 31, 2026 (Unaudited) | December 31, 2025 (Audited) |
|----------------------------------------------------------------------------|------|-------------------------------|--------------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 6 | 37,378,263 | 39,516,615 |
| Goodwill | 7 | - | - |
| Right of use assets | | 12,904,574 | 10,712,257 |
| Intangible assets | | 65,243 | 69,133 |
| Financial assets at fair value through other comprehensive income | 8 | 22,067,440 | 19,447,099 |
| Prepaid expenses and other debit balances – non-current portion | | 1,104,771 | 802,500 |
| Total non-current assets | | 73,520,291 | 70,547,604 |
| Current assets | | | |
| Inventory | 9 | 28,171,144 | 28,650,109 |
| Prepaid expenses and other debit balances – current portion | | 6,598,796 | 5,575,312 |
| Trade receivables | 10 | 21,287,738 | 20,749,424 |
| Cash and cash equivalents | | 94,063,403 | 103,553,484 |
| Total current assets | | 150,121,081 | 158,528,329 |
| Total assets | | 223,641,372 | 229,075,933 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | | 300,000,000 | 300,000,000 |
| Foreign currency translation reserve | | (52,582,599) | (51,585,066) |
| Fair value change reserve of investments | | (133,221,592) | (135,841,933) |
| Re-measurement reserve of defined benefit obligation | | 655,930 | 655,930 |
| Retained earnings | | 13,908,761 | 25,539,186 |
| Total equity attributable to the shareholders of the Parent Company | | 128,760,500 | 138,768,117 |
| Non-controlling interest | | 6,170,210 | 6,032,006 |
| Total equity | | 134,930,710 | 144,800,123 |
| Non-current liabilities | | | |
| Employee benefit obligations | | 17,906,051 | 17,816,316 |
| Lease liabilities – non-current portion | | 8,733,794 | 7,828,361 |
| Deferred tax liabilities | | 228,806 | 261,841 |
| Government grant - non-current portion | | 803,348 | 864,559 |
| Credit facilities – non-current portion | 12 | 6,110,560 | 6,838,289 |
| Total non-current liabilities | | 33,782,559 | 33,609,366 |
| Current liabilities | | | |
| Zakat and income tax provision | 11 | 3,348,766 | 2,838,064 |
| Accrued expenses and other current liabilities | | 15,137,626 | 12,208,991 |
| Lease liabilities – current portion | | 3,877,376 | 3,016,681 |
| Government grant - current portion | | 247,184 | 247,184 |
| Underwriting surplus | | 9,010,549 | 9,010,549 |
| Credit facilities – current portion | 12 | 3,739,633 | 4,561,107 |
| Trade payables | | 19,566,969 | 18,783,868 |
| Total current liabilities | | 54,928,103 | 50,666,444 |
| Total liabilities | | 88,710,662 | 84,275,810 |
| Total equity and liabilities | | 223,641,372 | 229,075,933 |

The accompanying notes (1) to (18) form an integral part of these interim condensed consolidated financial statements.

Chief Financial Officer

Mr. Ahmad Shtaiwi

Signature:



Deputy Chairman and managing director

Engineer. Bandar Al-Homaidhi

Signature:



SAUDI INDUSTRIAL DEVELOPMENT COMPANY (SIDC)
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME (UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2026
(Expressed in Saudi Riyals)

| | Note | For the three-months Period ended March 31, | |
|-------------------------------------------------------------------------------------------------|------|------------------------------------------------|---------------------|
| | | 2026 (Unaudited) | 2025 (Unaudited) |
| Revenue | 5 | 22,337,868 | 24,159,584 |
| Cost of revenue | | (19,929,276) | (21,148,971) |
| Gross profit | | 2,408,592 | 3,010,613 |
| Selling and marketing expenses | | (3,485,295) | (3,992,219) |
| General and administrative expenses | | (6,444,205) | (6,815,237) |
| Impairment of current assets | | (3,501,208) | (1,406,348) |
| Loss from operations | | (11,022,116) | (9,203,191) |
| Dividends from the financial assets at fair value through other comprehensive income | | 50,000 | - |
| Finance cost | | (502,034) | (649,464) |
| Other income, net | | 492,631 | 968,695 |
| Loss before zakat and income tax | | (10,981,519) | (8,883,960) |
| Zakat and income tax | | (510,702) | (215,000) |
| Deferred tax | | - | 3,903 |
| Net loss for the period | | (11,492,221) | (9,095,057) |
| Net loss for the period attributable to: | | | |
| Parent Company shareholders | | (11,630,425) | (9,443,176) |
| Non-controlling interests | | 138,204 | 348,119 |
| | | (11,492,221) | (9,095,057) |
| <u>Other comprehensive income items:</u> | | | |
| Items that are non-classified subsequently to the profit or loss: | | | |
| Unrealized gain / (loss) from financial assets at fair value through other comprehensive income | | 2,620,341 | (199,468) |
| Realized gain from financial assets at fair value through other comprehensive income | | - | 231,342 |
| Items that are classified subsequently to the profit or loss: | | | |
| Changes in foreign currency translation reserve | | (997,533) | 36,294 |
| Total other comprehensive income | | 1,622,808 | 68,168 |
| Net comprehensive loss for the period | | (9,869,413) | (9,026,889) |
| Net loss for the period attributable to: | | | |
| Parent Company shareholders | | (10,007,617) | (9,375,008) |
| Non-controlling interests | | 138,204 | 348,119 |
| | | (9,869,413) | (9,026,889) |
| <u>Loss per share attributable to shareholders of the Parent Company:</u> | | | |
| The weighted average number of shares | 14 | 30,000,000 | 17,072,005 |
| Loss per share from operations (Basic and diluted) | 14 | (0.37) | (0.54) |
| Loss per share from net loss for the period (Basic and diluted) | 14 | (0.39) | (0.55) |

The accompanying notes (1) to (18) form an integral part of these interim condensed consolidated financial statements.

Chief Financial Officer

Mr. Ahmad Shtaiwi

Signature:



Deputy Chairman and managing director

Engineer. Bandar Al-Homaidhi

Signature:



SAUDI INDUSTRIAL DEVELOPMENT COMPANY (SIDC)
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2026
(Expressed in Saudi Riyals)

| | Share Capital | Foreign currency translation reserve | Fair value change reserve of investments | Re-measurement reserve of defined benefit obligation | Retained earnings | Total equity attributable to shareholders of the Parent Company | Non-controlling interests | Total Equity |
|---------------------------------------------------|---------------|--------------------------------------|------------------------------------------|------------------------------------------------------|-------------------|-----------------------------------------------------------------|---------------------------|--------------|
| March 31, 2025 (Adjusted): | | | | | | | | |
| Balance as of December 31, 2024 before adjustment | 135,000,000 | (52,169,860) | (4,210,764) | 763,958 | (5,625,912) | 73,757,422 | 4,966,585 | 78,724,007 |
| Adjustment - Note 13 | - | - | (132,900,000) | - | 132,900,000 | - | - | - |
| Balance as of January 1, 2025 after adjustment | 135,000,000 | (52,169,860) | (137,110,764) | 763,958 | 127,274,088 | 73,757,422 | 4,966,585 | 78,724,007 |
| Net (loss) / profit for the period | - | - | - | - | (9,443,176) | (9,443,176) | 348,119 | (9,095,057) |
| Other comprehensive income / (loss) items | - | 36,294 | (199,468) | - | 231,342 | 68,168 | - | 68,168 |
| Net comprehensive income / (loss) for the period | - | 36,294 | (199,468) | - | (9,211,834) | (9,375,008) | 348,119 | (9,026,889) |
| Balance as of March 31, 2025 (Unaudited) | 135,000,000 | (52,133,566) | (137,310,232) | 763,958 | 118,062,254 | 64,382,414 | 5,314,704 | 69,697,118 |
| March 31, 2026: | | | | | | | | |
| Balance as of January 1, 2026 | 300,000,000 | (51,585,066) | (135,841,933) | 655,930 | 25,539,186 | 138,768,117 | 6,032,006 | 144,800,123 |
| Net (loss) / profit for the period | - | - | - | - | (11,630,425) | (11,630,425) | 138,204 | (11,492,221) |
| Other comprehensive (loss) / income items | - | (997,533) | 2,620,341 | - | - | 1,622,808 | - | 1,622,808 |
| Net comprehensive (loss) / income for the period | - | (997,533) | 2,620,341 | - | (11,630,425) | (10,007,617) | 138,204 | (9,869,413) |
| Balance as of March 31, 2026 (Unaudited) | 300,000,000 | (52,582,599) | (133,221,592) | 655,930 | 13,908,761 | 128,760,500 | 6,170,210 | 134,930,710 |

The accompanying notes (1) to (18) form an integral part of these interim condensed consolidated financial statements.

Chief Financial Officer

Mr. Ahmad Shtaiwi

Signature:



Deputy Chairman and managing director

Engineer. Bandar Al-Homaidhi

Signature:



SAUDI INDUSTRIAL DEVELOPMENT COMPANY (SIDC)
(SAUDI JOINT STOCK COMPANY)
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2026
(Expressed in Saudi Riyal)

| | For the three-month period ended March 31, | |
|-------------------------------------------------------------------------------------------------|---------------------------------------------------|--------------------|
| | 2026 | 2025 |
| | (Unaudited) | (Unaudited) |
| <u>Cash flows from operating activities:</u> | | |
| Loss before zakat and income tax | (10,981,519) | (8,883,960) |
| Adjustments: | | |
| Depreciation of right of use assets | 1,032,719 | 1,055,952 |
| Depreciation and amortization | 1,833,292 | 1,807,525 |
| Expected credit losses provision | 47,932 | 17,776 |
| Impairment of inventory | 3,723,407 | 1,388,572 |
| Employee benefit obligations charged during the period | 696,782 | 631,558 |
| Finance costs | 563,245 | 649,464 |
| Amortization of government grant | (61,211) | - |
| Changes in operating assets and liabilities: | | |
| Trade receivables | (625,248) | 4,204,522 |
| Inventory | (3,148,925) | (4,959,761) |
| Prepaid expenses and other debit balances | (1,325,755) | (211,571) |
| Trade payables | 783,101 | 2,186,893 |
| Accrued expenses and other current liabilities | 2,928,635 | (124,170) |
| Deferred tax liabilities | (33,035) | - |
| Cash used in operating activities | (4,566,580) | (2,237,200) |
| Zakat and income tax paid | - | (916,434) |
| Employee benefits paid | (607,047) | (272,616) |
| Finance costs paid | (25,344) | (133,010) |
| Net cash used in operating activities | (5,198,971) | (3,559,260) |
| <u>Cash flows from investing activities</u> | | |
| Additions to property, plant and equipment | (10,539) | (289,286) |
| Net changes in financial assets at fair value | - | 22,369 |
| Net cash used in investing activities | (10,539) | (266,917) |
| <u>Cash flows from financing activities</u> | | |
| Repayment of credit facilities | (1,903,087) | (983,436) |
| Proceeds from credit facilities | - | 4,000,000 |
| Underwriting surplus | - | (15) |
| Due to a related party | - | 1,900,000 |
| Lease liabilities paid | (1,641,361) | (1,684,887) |
| Net cash (used in) / from financing activities | (3,544,448) | 3,231,662 |
| Net change in cash and cash equivalents | (8,753,958) | (594,515) |
| Cash and cash equivalents at the beginning of the period | 103,553,484 | 1,681,143 |
| Net of foreign currency translation differences | (736,123) | 27,604 |
| Cash and cash equivalents at the end of the period | 94,063,403 | 1,114,232 |
| <u>Non-cash transactions:</u> | | |
| Realized gains from financial assets at fair value through other comprehensive income | - | 231,342 |
| Unrealized gain / (loss) from financial assets at fair value through other comprehensive income | 2,620,341 | 199,468 |
| Payment of credit facilities through the disposal of investments | - | 386,100 |

The accompanying notes (1) to (18) form an integral part of these interim condensed consolidated financial statements.

Chief Financial Officer

Mr. Ahmad Shtaiwi

Signature:



Deputy Chairman and managing director

Engineer. Bandar Al-Homaidhi

Signature:



SAUDI INDUSTRIAL DEVELOPMENT COMPANY (SIDC)
(SAUDI JOINT STOCK COMPANY)
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2026
(Expressed in Saudi Riyal)

1. CORPORATE INFORMATION FOR THE COMPANY AND ITS SUBSIDIARIES

Saudi Industrial Development Company (SIDC) (“the Parent Company”) was established in the Kingdom of Saudi Arabia as a Saudi joint stock Company pursuant to the decision of the Minister of Commerce No. 673 dated 20 Jumada Al-Thani 1413 H (corresponding to December 14, 1992). The Company obtained its Commercial Registration No. 4030092792, which is issued in Jeddah on 17 Rajab 1413 H (corresponding to January 10, 1993).

The Company authorized, issued, and fully paid share capital is SAR 300 million which is divided into 30 million shares stated at SAR 10 each as of December 31, 2025.

On November 6, 2025, the Extraordinary General Assembly approved the Board of Directors’ recommendation to increase the Company’s share capital through a rights issue of SAR 165 million, divided into 16.5 million ordinary shares with a nominal value of SAR 10 per share and an issue price of SAR 10 per share. As a result, the Company’s share capital after the increase amounted to SAR 300 million, divided into 30 million ordinary shares. The capital increase was undertaken to enable the Company to implement its operational plans, support working capital, and strengthen its financial position.

The Company incurred transaction costs of SAR 5.4 million related to the rights issue, which were recognized as a deduction from equity in accordance with the requirements of the International Financial Reporting Standards adopted by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

The Company’s activity is in the manufacture of sanitary supplies from plastics, including (washbasins, bathtubs, toilets, etc.), and the manufacture of sponge products.

The interim condensed consolidated financial statements comprise the financial statements of Saudi Industrial Development Company (SIDC) (“the Parent Company”) and its branches and subsidiaries (together referred to as “the Group”). The Group’s subsidiaries, their principal activities, and the Group’s ownership interest in each are disclosed in Note (3) to the condensed interim consolidated financial statements.

The registered address of the Company is at Prince Mohammed bin Abdulaziz Street, Al Faisaliah District, Jeddah, Kingdom of Saudi Arabia.

The Parent Company’s ordinary shares are listed on the Saudi Stock Exchange “Tadawul” under No. 2130.

Branches of the Company in the kingdom of Saudi Arabia:

| Commercial Registration number | City | Commercial Registration date | Activities |
|-------------------------------------------|-------------|---------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 4700005290 | Yanbu | 9 Jumada Al-Awwal 1416H corresponding to (October 3, 1995) | Manufacturing of sanitary plastic ware, including (washbasins, bathtubs, toilets, etc.). Manufacturing of sponge products, Manufacture of furniture and furniture from wood, furniture upholstery, detailing of mattresses of various types, wholesale of sanitary ware and its extensions, heaters and water tanks, retail sale of blankets, sheets, linens and bedspreads, retail sale of sanitary ware and its extensions such as washbasins, chairs, sinks ... Etc. devices for saunas. |
| 1010480324 | Riyadh | 27 Rabi Al-Awwal 1440H corresponding to (December 5, 2018) | |

2. BASIS OF PREPERATION

Statement of Compliance

The interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (34) “Interim Financial Reporting” that endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

The interim condensed consolidated financial statements do not include all the information and disclosures required for full annual consolidated financial statements, and should be read in conjunction with the Group’s consolidated financial statements for the year ended December 31, 2025. Moreover, the interim condensed consolidated financial results for the period ended March 31, 2026 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2026.

Basis of Measurement

The interim condensed consolidated financial statements have been prepared on a historical cost basis except for financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss that are measured at fair value and employee benefit obligations where the actuarial present value calculations are used.

Devaluation of Egyptian Currency

Egyptian pound recorded a decrease in the exchange rate against the Saudi riyal by an average of 14.63% for the period ended March 31, 2026 (March 31, 2025: increase by an average of 0.27%). As a result, a currency translation adjustment was recorded in relation to the translation of operations.

Functional and presentation currency

The interim condensed consolidated financial statements are prepared in Saudi riyals (SAR), which represent the Group’s functional and reporting currency, unless otherwise stated.

Going concern

Going Concern of the Group and Accumulated Losses

The Group’s management has assessed its financial performance and working capital for the current and upcoming periods. Management is satisfied that the Group has sufficient resources to continue its operations and is confident that it will be able to generate adequate cash flows to meet its short-term obligations as of the date of these interim condensed consolidated financial statements.

Although the Group has incurred historical losses that have affected its results and equity in prior years, management has implemented several measures to support its going concern. In addition, a budget and cash flow forecasts covering the year 2026 have been prepared. The key measures considered by management in addressing financial performance and working capital include the following:

- **Strengthening Financial Position and Liquidity through Capital Increase**

The Company completed a capital increase of SAR 165 million, and the proceeds were received in December 2025. These proceeds will be utilized and disbursed in accordance with the approved use of proceeds outlined in the prospectus, including covering issuance costs, supporting working capital, financing expansion and investment plans, repaying a portion of borrowings, and funding specific operational projects.

- **Business and Operational Plan for 2026**

Management approved a budget for 2026, which includes operational and financial targets based on business development initiatives, including the planned investment in (SH) brand showrooms starting in 2026. Management expects this initiative to positively impact sales growth and improve profitability in the coming periods.

First: Enhancing operational efficiency through improving the cost structure, increasing the efficiency of operations and assets utilization, and strengthening planning and supply chain management.

Second: Strengthening competitiveness and business growth by improving product competitiveness, expanding sales channels, and enhancing customer reach, thereby supporting sales growth and improving customer experience.

Third: Building a diversified and balanced industrial and investment portfolio through evaluating existing investments and operations, and pursuing development, restructuring, or divestment of lower-performing activities. This also includes assessing opportunities to enter new investments with strong growth potential, in order to support revenue diversification and reduce reliance on existing operations.

• **Management of Financing and Facilities**

The Group has submitted a request to renew the banking facilities of its subsidiary, (Global Marketing Company for Sleeping System Limited “Sleep High”), with Riyad Bank for SAR 9 million for an additional year, expiring in February 2027. Furthermore, the Group repaid approximately SAR 13 million of credit facilities with Derayah Finance and made early repayment of sukuk facilities totaling approximately SAR 5.8 million. These actions are expected to reduce financing costs and strengthen the liquidity position.

• **Liquidity and Cash Flow Assessment**

Management prepared cash flow forecasts covering the year 2026, demonstrating the Group’s ability to meet its obligations as they fall due during the assessment period, taking into account available liquidity sources, the approved expenditure plan, and planned capital expenditures. The forecasts indicate maintenance of a comfortable level of unrestricted cash throughout the assessment period, with periodic financing obligations within the Group’s operational and financing capacity. A reasonable sensitivity analysis was performed on key operational assumptions, and the results did not indicate any liquidity pressures that could affect the Group’s ability to continue as a going concern.

Based on the above, these interim condensed consolidated financial statements have been prepared on a going concern basis, as management believes in the Group’s ability to continue as a going concern.

New Standards, Amendment to Standards and Interpretations being applied to the Group

There are new standards and a set of amendments to existing standards became effective as of January 1, 2025, and were disclosed in the Group’s annual consolidated financial statements. However, they do not have a material impact on the Group’s interim condensed consolidated financial statements.

3. BASIS OF CONSOLIDATION

The interim condensed consolidated financial statements include the financial statements of the Company and its subsidiaries (together referred to as “the Group”). Control is achieved when the company is exposed, or has rights, to variable returns from its transactions with the investee and has the ability to affect those returns through exercising its power over the investee. Specifically, the company controls an investee if, and only if, the company has:

- Power over the investee (i.e, existing rights that give the Group the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its transactions with the investee.
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has control over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Company’s voting rights and potential voting rights.

The Company re-assesses 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. Consolidation of a subsidiary begins when the company obtains control over the subsidiary and ceases when the company loses control of the

SAUDI INDUSTRIAL DEVELOPMENT COMPANY (SIDC)

(SAUDI JOINT STOCK COMPANY)

**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2026**

(Expressed in Saudi Riyal)

subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in the interim condensed consolidated financial statements from the date the Company gains control until the date the it ceases to control the subsidiary

When necessary, adjustments are made to the interim condensed consolidated financial statements of subsidiaries to bring their accounting policies in line with the Company's accounting policies. All intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Company loses control over a subsidiary, it derecognizes the related assets (including goodwill if any), liabilities, non-controlling interest and, other components of equity, while any resultant gain or loss is recognized in the interim condensed consolidated statement of profit or loss and other comprehensive income. Any investment retained is recognized at fair value.

The following subsidiaries that are directly or indirectly owned by more than 50% and/or over which the company is able to exercise control are consolidated in these interim condensed consolidated financial statements based on the interim condensed financial statements of the subsidiaries.

Below are the details of the subsidiaries:

| Subsidiaries | Country of incorporation | Main activity | Direct and indirect ownership % |
|----------------------------------------------------------------------------------------------------------|---------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|
| SIDC Commercial Investment (Limited liability Company) | Kingdom of Saudi Arabia | Wholesale and retail trade in cement, gypsum, and natural marble. The Company did not carry out this activity during the current year Sales agents for furniture and household goods; wholesale of blankets, ready-made linens, and bed sheets; wholesale of household furniture and furnishings; retail sale of blankets, sheets, linens, and bed covers; retail sale of household furniture; management and leasing of owned or leased residential properties; and management and leasing of owned or leased non-residential properties | 100% |
| SIDC Projects Investment (Limited liability Company) | Kingdom of Saudi Arabia | Wholesale and retail trade in cement, gypsum, and natural marble. The Company did not carry out this activity during the current year Sales agents for furniture and household goods; wholesale of blankets, ready-made linens, and bed sheets; wholesale of household furniture and furnishings; retail sale of blankets, sheets, linens, and bed covers; retail sale of household furniture; management and leasing of owned or leased residential properties; and management and leasing of owned or leased non-residential properties | 100% |
| Arabian Co. For Manufacturing Sponges & Springs Mattresses Ltd. (Sleep High) (Limited liability Company) | Arab Republic of Egypt | Manufacturing of spring and foam mattresses | 100% |
| Global Marketing Company for Sleeping System Ltd. (Sleep High) (Limited liability Company) | Kingdom of Saudi Arabia | Manufacturing of sponge products; manufacturing of wooden furniture and furnishings; furniture upholstery; and tailoring of mattresses of various types | 100% |
| Emmdad Logistic Services Company (Limited liability Company) | Kingdom of Saudi Arabia | Land transport of goods, transport of goods and equipment (heavy transport) | 50% |

SAUDI INDUSTRIAL DEVELOPMENT COMPANY (SIDC)
(SAUDI JOINT STOCK COMPANY)
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2026
(Expressed in Saudi Riyal)

Direct and indirect ownership ratios in the group's subsidiaries:

| Company Name | The ownership ratios of direct | The ownership ratios of indirect |
|----------------------------------------------------------------------------------------------------------|---------------------------------------|------------------------------------------------------------------------------------------------------------------------|
| SIDC Commercial Investment (Limited liability Company) | 100% | - |
| SIDC Projects Investment (Limited liability Company) | 95% | 5% owned by SIDC Commercial Investment |
| Global Marketing Company for Sleeping System Ltd. (Sleep High) (Limited liability Company) | 95% | 5% owned by SIDC Commercial Investment |
| Arabian Co. For Manufacturing Sponges & Springs Mattresses Ltd. (Sleep High) (Limited liability Company) | - | 98.5% owned by Global Marketing Company for Sleeping System Ltd. (Sleep High) 1.5% owned by SIDC Commercial Investment |
| Emmdad Logistic Services Company (Limited liability Company) | - | 50% owned by Global Marketing Company for Sleeping System Ltd. (Sleep High) |

Non-controlling interests

The non-controlling interests are measured at the acquisition date either at fair value or the proportionate share of the non-controlling interests' shares of the fair value of the net identified assets of the acquired company. The measurement basis is selected for each acquisition separately. After the acquisition, the rights of non-controlling interests are shown in value at the initial recognition in addition to their share of subsequent changes in the equity of the acquired companies, and are shown as a separate item in the interim condensed consolidated statement of profit and loss and other comprehensive income and within the equity of shareholders in the interim condensed consolidated statement of financial position.

4. JUDGMENTS AND ESTIMATES

The preparation of these interim condensed consolidated financial statements requires management to make judgments and estimates that affect the application of accounting policies and the amounts recognized for assets, liabilities, revenues, and expenses. Actual results may differ from these estimates.

The significant estimates made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were consistent with those disclosed in the consolidated financial statements for the year ended December 31, 2025.

5. SEGMENT INFORMATION

The segment is considered a core component of the Group, either providing specific products or services (business segment) or operating in a specific economic environment (geographical segment), with profits and losses that differ from those of other segments.

A geographical segment relates to the provision of products or services within a specific economic environment that is subject to risks and returns different from those of business segments operating in other environments.

The Group's primary segment reporting format is based on business segments. Business segments are determined based on the Group's management and internal reporting structure.

SAUDI INDUSTRIAL DEVELOPMENT COMPANY (SIDC)
(SAUDI JOINT STOCK COMPANY)
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2026
(Expressed in Saudi Riyal)

The Group operates in the following key segments:

- Mattress and sponge segment, includes the production and sale of sponges with various pressures and structures of mattresses, beds and all their accessories.
- Sanitary ware segment, includes the production and sale of sanitary ware, wall tiles, ceramic flooring and acrylic bathtubs.
- Transportation segment, which includes transport of goods and equipment (heavy transport).
- Financial investments, including investments in portfolios allocated for shares of banks and other joint-stock companies traded in the Saudi stock market and investing in shares of companies.
- Other segments.

The following is the distribution of the activity of the Company and its subsidiaries after excluding the impact of transactions between the Group's companies according to the operational and geographical segments that are the main business segments of the Group:

Operating segments:

| | Mattresses and sponges | Sanitary Ware | Transport | Financial Investments | Other Segments | Total |
|-------------------------------------------------------------------------------------------|---------------------------|--------------------|----------------|--------------------------|--------------------|---------------------|
| <u>March 31, 2026 (Unaudited)</u> | | | | | | |
| Total assets | 62,983,088 | 18,822,000 | 24,929,604 | 22,067,440 | 94,839,240 | 223,641,372 |
| Total liabilities | 37,217,376 | 14,661,985 | 18,925,777 | - | 17,905,524 | 88,710,662 |
| Net revenue* | 17,757,166 | 861,162 | 3,719,540 | - | - | 22,337,868 |
| Depreciation and amortization | 1,602,257 | 74,189 | 871,815 | - | 317,750 | 2,866,011 |
| Finance income | - | - | - | - | - | - |
| Finance cost | 171,540 | 13,422 | 285,893 | - | 31,179 | 502,034 |
| Net (loss) / profit attributable to the shareholders of the Parent Company for the period | (5,094,687) | (3,392,456) | 138,205 | 50,000 | (3,331,487) | (11,630,425) |
| <u>December 31, 2025 (Audited)</u> | | | | | | |
| Total assets | 62,283,420 | 19,803,892 | 26,538,713 | 19,447,099 | 101,002,809 | 229,075,933 |
| Total liabilities | 37,009,277 | 14,963,002 | 16,842,391 | - | 15,461,140 | 84,275,810 |
| <u>March 31, 2025 (Unaudited)</u> | | | | | | |
| Net revenue * | 19,076,850 | 2,260,614 | 2,822,120 | - | - | 24,159,584 |
| Depreciation and amortization | 1,818,172 | 147,752 | 709,360 | - | 188,193 | 2,863,477 |
| Finance income | 2,575 | - | - | - | - | 2,575 |
| Finance cost | 613,188 | 16,751 | 16,758 | - | 2,767 | 649,464 |
| Net (loss) / profit attributable to the shareholders of the Parent Company for the period | (5,602,379) | (1,524,506) | 348,119 | - | (2,664,410) | (9,443,176) |

SAUDI INDUSTRIAL DEVELOPMENT COMPANY (SIDC)
(SAUDI JOINT STOCK COMPANY)
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2026
(Expressed in Saudi Riyal)

Geographic segments:

| | Kingdom of Saudi Arabia | Arab Republic of Egypt | Total |
|---------------------------------------------------------------------------------------|------------------------------------|-----------------------------------|---------------------|
| <u>March 31, 2026 (Unaudited)</u> | | | |
| Total assets | 212,250,369 | 11,391,003 | 223,641,372 |
| Total liabilities | 83,929,905 | 4,780,757 | 88,710,662 |
| Net revenue * | 19,514,346 | 2,823,522 | 22,337,868 |
| Loss attributable to the shareholders of the Parent Company for the period | (11,292,419) | (338,006) | (11,630,425) |
| <u>December 31, 2025 (Audited)</u> | | | |
| Total assets | 215,434,077 | 13,641,856 | 229,075,933 |
| Total liabilities | 78,659,636 | 5,616,174 | 84,275,810 |
| <u>March 31, 2025 (Unaudited)</u> | | | |
| Net revenue * | 20,277,152 | 3,882,432 | 24,159,584 |
| Loss attributable to the shareholders of the Parent Company for the period | (9,259,403) | (183,773) | (9,443,176) |

The net revenues for the period ended March 31, are as follows:

| | For the three-month period ended March 31, 2026 (Unaudited) | For the three-month period ended March 31, 2025 (Unaudited) |
|------------------------|--------------------------------------------------------------------------------|--------------------------------------------------------------------------------|
| Mattresses and sponges | 17,757,166 | 19,076,850 |
| Sanitary Ware | 861,162 | 2,260,614 |
| Transport | 3,719,540 | 2,822,120 |
| Financial investments | - | - |
| Other segments | - | - |
| | 22,337,868 | 24,159,584 |

6. PROPERTY, PLANT AND EQUIPMENT

For the purposes of preparing the interim condensed consolidated statement of cash flows, the major transactions in property, plant and equipment during the three-month period ended March 31, is as follows:

| | For the three-month period ended March 31, 2026 (Unaudited) | For the three-month period ended March 31, 2025 (Unaudited) |
|--------------------------------------------|--------------------------------------------------------------------------------|--------------------------------------------------------------------------------|
| Depreciation | 1,829,402 | 1,803,635 |
| Additions to property, plant and equipment | 10,539 | 289,286 |

7. GOODWILL

| | March 31, 2026 (Unaudited) | December 31, 2025 (Unaudited) |
|----------------------------|---------------------------------------|------------------------------------------|
| Balance as of 1 January | - | 32,356,409 |
| Impairment during the year | - | (32,356,409) |
| | - | - |

Goodwill balance represents the excess of the cost of investment in Global Marketing Company for Sleeping System Limited (a subsidiary) over the fair value of its identifiable net assets at the acquisition date.

In accordance with the requirements of IAS 36, Impairment of Assets, goodwill is tested annually for impairment, or more frequently if there are indicators that it may be impaired. The impairment test is performed at the level of the cash-generating unit ("CGU") to which the goodwill relates. The goodwill has been fully allocated to the CGU associated with the operations of Global Marketing Company for Sleeping System Limited, which represents the smallest group of assets that generates cash inflows that are largely independent from those of other assets or groups of assets within the Group.

SAUDI INDUSTRIAL DEVELOPMENT COMPANY (SIDC)
(SAUDI JOINT STOCK COMPANY)
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2026
(Expressed in Saudi Riyal)

As at 31 December 2025, the Group's management performed an impairment test for goodwill by comparing the carrying amount of the CGU with its recoverable amount. The recoverable amount was determined based on value in use using a discounted cash flow model. The cash flow projections were based on management-approved financial budgets covering a five-year period (2026–2030), which reflect management's current estimates of revenue growth, profit margins and working capital requirements. Future cash flows were discounted using a discount rate of 14.39%, which reflects the Group's current estimate of the cost of capital and the risks specific to the relevant CGU.

Management also assessed whether there was any indication that additional impairment losses should be recognized on the other non-current assets associated with the relevant CGU and concluded that there was no indication that the carrying amounts of those assets exceeded their recoverable amounts as of 31 December 2025. Accordingly, no additional impairment losses were recognized other than the impairment loss relating to goodwill.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

This item comprises the following:

| | March 31, 2026 | December 31, 2025 |
|--------------------------------------------------------------------|-----------------------|-------------------|
| | (Unaudited) | (Audited) |
| <u>A) Arabian Industrial Fiber Company (Ibn Rushd)</u> | | |
| Cost | 132,900,000 | 132,900,000 |
| Less: Fair value reserve for investment | (132,900,000) | (132,900,000) |
| Fair value | - | - |
| <u>B) Warehouses & Support Services Company</u> | | |
| Cost | 5,250,000 | 5,250,000 |
| Less: Fair value reserve for investment | (4,268,030) | (4,268,030) |
| Fair value | 981,970 | 981,970 |
| <u>C) Investment in priced local securities portfolio *</u> | | |
| Fair value | 21,085,470 | 18,465,129 |
| | 22,067,440 | 19,447,099 |

a) As of March 31, 2026, the balance of financial assets at fair value through other comprehensive income related to the Arabian Industrial Fibers Company (Ibn Rushd) - a limited liability company - was nil (2025: nil). The Group classified its investment in Ibn Rushd as equity instruments measured at fair value through other comprehensive income at initial recognition. This classification was made for the purpose of holding the investment for the long term to support the Group's strategic and investment objectives and not for trading. The application of this classification continues in line with the Group's policies and long-term investment objectives. Management reviews the fair value of the investment periodically.

In late 2019, Ibn Rushd decided to restructure its factories and recorded an impairment provision on its machinery and equipment of SR 2.8 billion. The Group assessed the impact of this event on its investment in Ibn Rushd, which represented 1.56% of the company's share capital, with a nominal value of SR 132.9 million and a net book value recognized by the Group of SR 66.5 million. The Group had previously recorded an impairment provision on its investment in Ibn Rushd in prior years of SR 66.4 million.

It was determined, based on the results of the valuation studies, that the invested interest was adversely affected as a result of this event, leading to a full impairment of the value of the invested interest to nil, after the Group's management decided to recognize an impairment provision for the remaining balance of the net book value amounting to SR 66.5 million. This provision reflects the impact of such decline, and accordingly, the net book value of this investment in the Group's books became nil as of December 31, 2019.

At the end of 2023, the Group conducted a study and assessment of its interest in Ibn Rushd and its financial results for the last three years. The events and financial results confirmed the continued deterioration in performance, the incurrence of losses, and a decline in value. The Group considered this

SAUDI INDUSTRIAL DEVELOPMENT COMPANY (SIDC)
(SAUDI JOINT STOCK COMPANY)
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2026
(Expressed in Saudi Riyal)

decline to be permanent and continuing and regarded it as actual realized losses. The Group also prepared the necessary studies and consultations for the accounting treatment by engaging an external advisor to provide a technical opinion on this accounting treatment in accordance with International Financial Reporting Standard (IFRS) 9, Financial Instruments. The advisor concluded that there was nothing to prevent the transfer of the fair value change reserve and its closure within the “accumulated losses” line item, having determined that the standard permits the transfer of the cumulative change in fair value, whether gains or losses, within equity items, while retaining the contractual and legal ownership rights related to the equity interest in Ibn Rushd Company without cancellation, sale, or transfer, in accordance with the Company’s amended Articles of Association.

Accordingly, the Group became further convinced of the appropriateness of transferring the fair value reserve related to its investment in Ibn Rushd, amounting to SR 132.9 million, to accumulated losses, as presented in the consolidated financial statements for the year ended December 31, 2023.

At the end of 2024, the Group assessed the status of Ibn Rushd Company and its financial results for the last three years. The events and financial results confirmed the continued deterioration in performance, the incurrence of losses, and a decline in value. Accordingly, no change occurred in the balance of this investment in the Group’s books, which remained nil, as presented in the consolidated financial statements for the year ended December 31, 2024.

The Group received a notification from the Capital Market Authority dated 26 Safar 1446H (corresponding to June 22, 2025), stating a violation due to the Group’s non-compliance with paragraph (5.7.1) of Appendix (B) and paragraph (5.7.5) of IFRS 9, Financial Instruments. This was as a result of transferring the cumulative fair value reserve related to investments classified at fair value through other comprehensive income (Ibn Rushd) to accumulated losses before derecognition of the asset. The notification also stated that the Group did not comply with sub-paragraph (b) of paragraph (11A) of IFRS 7, Financial Instruments: Disclosures, for failing to disclose the reason for electing to present the investment at fair value through other comprehensive income. It further stated non-compliance with sub-paragraph (e) of paragraph (11A) of the same standard for failing to disclose the reason for transferring the cumulative loss related to the investment to accumulated losses. The notification also required the Group to take the necessary actions to correct the financial statements for the period ended December 31, 2025.

It should also be noted that the Saudi Organization for Chartered and Professional Accountants (SOCPA) issued Interpretive Opinion No. (172) dated 9 Shawwal 1446H (corresponding to April 7, 2025), which stated that the fair value reserve of financial assets measured at fair value through other comprehensive income may not be reclassified to profit or loss. Rather, it may be transferred to any other account within equity, subject to the relevant regulatory requirements. Accordingly, transferring such reserve before derecognition of the related asset is not consistent with those requirements.

On 15 Rabi’ Al-Awwal 1447H (corresponding to September 7, 2025), the Group published its financial results for the six-month period ended June 30, 2025. The condensed interim consolidated financial statements included a paragraph on the basis for the qualified conclusion in the independent auditor’s report, relating to the transfer of the fair value reserve to accumulated losses before derecognition of the asset.

The Company conducted a study to explore the options available under International Financial Reporting Standards for accounting treatment, and management believes that there is no alternative treatment that complies with the requirements of the standards. In addition, the option to exit the investment remained unavailable as of the date of the financial statements, which prevented the actual disposal of the investment from being considered as a basis for an alternative accounting treatment.

Accordingly, on November 23, 2025, the Group announced on the “Tadawul” platform the correction of the accounting treatment by reinstating the balance of the fair value reserve within equity and restating the financial statements to adjust the comparative figures for 2023 and 2024 upon preparation of the financial statements for the year ended December 31, 2025 (Note 11). The financial impact of this correction is limited to a reclassification within equity, through the transfer of SR 132.9 million from accumulated losses back to the fair value reserve account, with no impact on operating activities, cash

SAUDI INDUSTRIAL DEVELOPMENT COMPANY (SIDC)
(SAUDI JOINT STOCK COMPANY)
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2026
(Expressed in Saudi Riyal)

flows, assets, or liabilities. The resulting effect is also non-distributable, as it arises from an accounting reclassification rather than realized operating profits.

At the end of 2025, the Group studied and assessed its interest in Ibn Rushd and its financial results for the last three years, and prepared a fair value measurement study for its interest in Ibn Rushd Company in accordance with IFRS 9 and IFRS 13, using the income approach within Level 3 measurements, assuming a discount rate of 17.22% and a terminal growth rate of 3%, with projections extending through 2030. The study confirmed that there continues to be no value that can be recognized. Accordingly, no change occurred in the balance of the investment as of December 31, 2025. Management reviews the fair value of the investment on a periodic basis.

As of March 31, 2026, the balance of financial assets at fair value through other comprehensive income comprised the Group's investment in Warehouses and Support Services Company (Closed Joint Stock Company) - "Warehouses", amounting to SR 981 thousand (2025: SR 981 thousand). The Group classified its investment in Warehouses, upon initial recognition, as an equity instrument measured at fair value through other comprehensive income for long-term holding purposes in support of the Group's investment and strategic objectives and not for trading. This classification continued to be applied in line with the Group's policies and long-term investment objectives.

Financial assets at fair value through other comprehensive income include equity securities held in a portfolio designated for investment in shares of banks and other joint-stock companies listed on the Saudi Stock Exchange, which are not held for trading. Upon initial recognition, the Group made an irrevocable election to present changes in fair value in other comprehensive income rather than in profit or loss, as the Group considers these strategic investments to be of greater significance. The Group maintains this portfolio with a locally licensed financial brokerage company in the Kingdom of Saudi Arabia. These investments were measured at fair value as of March 31, 2026 and December 31, 2025, based on the closing prices at the end of trading on the statement of financial position date.

The movement on investment in a local securities portfolio priced during the period / year is as follows:

| | March 31, 2026 (Unaudited) | December 31, 2025 (Audited) |
|------------------------------------------|---------------------------------------------|---------------------------------------|
| Balance as of 1 January | 18,465,129 | 26,631,050 |
| Unrealized gain during the period / year | 2,620,341 | 3,276,276 |
| Disposals during the period / year | - | (11,442,197) |
| | 21,085,470 | 18,465,129 |

9. INVENTORY

| | March 31, 2026 (Unaudited) | December 31, 2025 (Audited) |
|----------------------|---------------------------------------------|---------------------------------------|
| Inventory | 50,417,514 | 47,192,247 |
| Inventory impairment | (22,246,370) | (18,854,419) |
| | 28,171,144 | 28,337,828 |
| Goods in transit | - | 312,281 |
| | 28,171,144 | 28,650,109 |

The movement of inventories impairment during the period/year is as follows:

| | For the three-month period ended March 31, 2026 (Unaudited) | For the period ended December 31, 2025 (Audited) |
|-----------------------------------------------|----------------------------------------------------------------------------------------|---------------------------------------------------------------|
| Balance at the beginning of the period / year | 18,854,419 | 3,995,835 |
| Provision for the period / year | 3,723,407 | 19,758,745 |
| Written-off during the period / year | (235,939) | (4,900,161) |
| Foreign currency translation | (95,517) | - |
| | 22,246,370 | 18,854,419 |

SAUDI INDUSTRIAL DEVELOPMENT COMPANY (SIDC)
(SAUDI JOINT STOCK COMPANY)
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2026
(Expressed in Saudi Riyal)

10. TRADE RECEIVABLES

| | March 31, 2026 | December 31, 2025 |
|--------------------------------------|-----------------------|-------------------|
| | (Unaudited) | (Audited) |
| Trade receivables | 22,175,566 | 21,621,096 |
| Provision for expected credit losses | (887,828) | (871,672) |
| | 21,287,738 | 20,749,424 |

Movement in the allowance for expected credit losses on trade receivables during the period/year is as follows:

| | For the three-month period ended March 31, 2026 (Unaudited) | For the period ended December 31, 2025 (Audited) |
|-----------------------------------------------|--------------------------------------------------------------------|--------------------------------------------------|
| Balance at the beginning of the period / year | 871,672 | 733,209 |
| Provision for the period / year | 47,932 | 130,173 |
| Foreign currency translation | (31,776) | 8,290 |
| | 887,828 | 871,672 |

As at the reporting date, the majority of the trade receivables balance relates to amounts that are either not yet due or fall within the first aging category (30 to 90 days), which is consistent with the Group's credit terms and normal collection cycle. Accordingly, management believes that the credit risk associated with these balances is low.

11. ZAKAT AND INCOME TAX

• **Group's zakat and income tax status**

There have been no substantial changes in the zakat or tax status of the Group's companies, as previously disclosed in the consolidated financial statements for the year ended December 31, 2025.

The Group submits its zakat declarations based on its consolidated financial statements, with the exception of (Emdad Logistic Services Company - Subsidiary).

12. CREDIT FACILITIES

The group's credit facilities are as follows:

a) Global Company for Marketing Sleep Products Ltd. "Sleep High" (Subsidiary):

- During the second quarter of 2023, the subsidiary entered into a margin trading facility agreement with Derayah Financial Company ("Derayah") for an amount of SAR 21.5 million to finance the subsidiary's working capital requirements, in consideration of an annual subscription fee of 9%, payable on a monthly basis. The agreement is open-ended, and the subsidiary has the right to settle the outstanding balance at any time it deems appropriate. The proceeds from the margin trading facility were utilized to settle the previous Murabaha facility, with the remaining amount deposited into the subsidiary's investment portfolio account. The subsidiary has also agreed to pledge all assets held in its portfolios with Derayah in favor of Derayah as collateral for the granted facilities, and such assets may not be sold, pledged, or otherwise utilized for any other purpose without Derayah's prior written consent for as long as the facilities remain outstanding or in effect. The subsidiary has also acknowledged that Derayah has a lien over these assets as security for the amounts due, in addition to a promissory note issued in its name. The facility has no fixed maturity date, and the subsidiary may settle the outstanding balance at any time it deems appropriate. In accordance with the signed agreement, there is no specified termination date, as it has been effective since April 17, 2023, and may be terminated by either party upon five days' written notice, given that the subscription fees are payable on a monthly basis.
- During the third quarter of 2024, the subsidiary repaid SAR 5 million of the Murabaha facility, resulting in an outstanding balance of SAR 16.5 million as at the end of 2024.
- During November 2025, the subsidiary repaid SAR 3.4 million of the Murabaha facility, resulting in an outstanding balance of SAR 13.1 million as at the end of November 2025

SAUDI INDUSTRIAL DEVELOPMENT COMPANY (SIDC)

(SAUDI JOINT STOCK COMPANY)

**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2026**

(Expressed in Saudi Riyal)

- During December 2025, the subsidiary fully repaid the remaining balance of the margin trading facility amounting to SAR 13.1 million, using proceeds from the capital increase of Saudi Industrial Development Company (SIDC). Accordingly, no outstanding balance remained under this facility as at the end of March 31, 2026.
- During the third quarter of 2024, the subsidiary entered into an agreement with Sukuk Capital Company to establish a program for the issuance of Sharia-compliant Murabaha sukuk (debt instruments) with a total value of SAR 10 million to finance the Company's working capital. The program comprises Murabaha contracts of SAR 1 million each, with a nominal profit margin of 13.96%, whereby the principal and profit are repayable on a monthly basis over a period of 24 months. As security for these facilities, the subsidiary issued a promissory note in favor of Sukuk Capital Company. In addition, the parent company, Saudi Industrial Development Company ("SIDC"), issued a promissory note as guarantor of the subsidiary, and a member of the Board of Directors (Eng. Bandar Abdullah Ibrahim Al-Humaidi) also issued a promissory note in favor of Sukuk Capital Company as a guarantor. The first Murabaha installment fell due on October 22, 2024.
- As of December 31, 2024, the utilized amount under the sukuk issuance program amounted to SAR 6 million out of the total program, through Murabaha contracts of SAR 1 million each. During 2024, the subsidiary repaid SAR 400 thousand of the principal amount, resulting in an outstanding balance of SAR 5.6 million as of December 31, 2024.
- During the first quarter of 2025, the subsidiary utilized an additional amount of SAR 4 million under the sukuk issuance program, bringing the total utilized amount to SAR 10 million as at March 31, 2025, out of the total program, through Murabaha contracts of SAR 1 million each.
- During 2024, the subsidiary repaid SAR 4.2 million of the Murabaha facility, resulting in an outstanding balance of SAR 5.4 million as of December 2025.
- During December 2025, the subsidiary made an early repayment of the entire remaining balance under the sukuk issuance program amounting to SAR 5.4 million, using proceeds from the capital increase of Saudi Industrial Development Company ("SIDC"). Accordingly, no outstanding balance remained under this program as of March 31, 2026.
- During the fourth quarter of 2024, the subsidiary entered into a Sharia-compliant credit facilities agreement with Riyadh Bank with a maximum facility limit of SAR 9 million to finance its working capital requirements. During 2025, the subsidiary utilized SAR 5.7 million under the facility through multiple Murabaha contracts with varying amounts, at profit rates comprising prevailing market financing costs plus the Bank's margin, with an average repayment tenor of approximately six months. As security for these facilities, the subsidiary issued a promissory note in favor of Riyadh Bank, and the parent company, Saudi Industrial Development Company ("SIDC"), also issued a promissory note as guarantor of the subsidiary.
- During 2025, the subsidiary repaid SAR 3.4 million of the financing utilized during the year, of which SAR 3.1 million was funded from the proceeds of the capital increase of Saudi Industrial Development Company ("SIDC"), resulting in an outstanding balance of SAR 2.3 million as at December 31, 2025. During the first quarter of 2026, the subsidiary repaid an additional SAR 1.4 million, resulting in an outstanding balance of SAR 1.0 million as of March 31, 2026.

b) Emdad Support Services Company

- During the second quarter of 2024, the subsidiary entered into an agreement with Dinar Investment Company to establish a program for the issuance of Sharia-compliant Murabaha sukuk (debt instruments) with a total value of SAR 10 million to finance the subsidiary's working capital requirements. The program comprises Murabaha contracts of SAR 1 million each, with an annual profit margin of 10.5%, whereby the principal and profit are repayable on a semi-annual basis over a period of 24 months. As security for this financing, the subsidiary issued a promissory note in favor of Dinar Investment Company. In addition, promissory notes were issued by the partners of the subsidiary, including the Global Company for Marketing Sleep Products Ltd. (a subsidiary) and Road Storm Trading and Contracting Company (a related party), as well as personal promissory notes issued by the partners of Road Storm Trading and Contracting Company, namely Mr. Ibrahim

SAUDI INDUSTRIAL DEVELOPMENT COMPANY (SIDC)
(SAUDI JOINT STOCK COMPANY)
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2026
(Expressed in Saudi Riyal)

bin Abdullah Al-Humaidi (a related party) and Mr. Ahmed bin Abdullah Al-Kunhal (a related party).

- As at the second quarter of 2025, the utilized amount under the sukuk issuance program amounted to SAR 4 million out of the total program, through Murabaha contracts of SAR 1 million each. During December 2025, the subsidiary made an early repayment of the entire outstanding balance of SAR 4 million, and accordingly, no outstanding balance remained under this program as of December 31, 2025.
- During the second quarter of 2025, the subsidiary entered into a Sharia-compliant financing agreement with the Social Development Bank for an amount of SAR 10 million to finance the Company's capital expansion. The facility carries a nominal annual profit rate of 5%, with principal and profit repayable on a quarterly basis over a period of 60 months. The Murabaha facility is granted by a government entity, and the conditions associated with government grants have been met. Accordingly, the difference between the fair value of the Murabaha and its carrying amount (representing the present value of the discounted cash flows using the effective interest rate) is recognized as deferred income (government grant) and amortized over the term of the Murabaha. The term of the agreement is five years, with principal repayments in equal quarterly installments commencing after a grace period of six months from the date of receipt of the first drawdown. The total finance profit amounting to SAR 2.5 million will be paid over the term of the facility. As security for this financing, the subsidiary issued a promissory note in favor of the Social Development Bank. In addition, joint and several guarantees were provided by the partners of the subsidiary, including the Global Company for Marketing Sleep Products Ltd. (a subsidiary) and Road Storm Trading and Contracting Company (a related party), as well as personal guarantees and undertakings issued by the partners of Road Storm Trading and Contracting Company, namely Mr. Ibrahim bin Abdullah Al-Humaidi (a related party) and Mr. Ahmed bin Abdullah Al-Kunhal (a related party).
- During the first quarter of 2026, the subsidiary repaid SAR 550,000, resulting in an outstanding balance of SAR 8.8 million as of March 31, 2026.

The details of credit facilities as follows:

| | March 31, 2026 | December 31, 2025 |
|---------------------------|-----------------------|-------------------|
| | (Unaudited) | (Audited) |
| Credit facilities | 9,850,193 | 11,399,396 |
| Deducted: Current Portion | 3,739,633 | 4,561,107 |
| Non - Current Portion | 6,110,560 | 6,838,289 |

The movement of the government grant during the period / year is as follows:

| | March 31, 2026 | December 31, 2025 |
|-----------------------------------------------------|-----------------------|-------------------|
| | (Unaudited) | (Audited) |
| Balance at the beginning of the period / year | 1,111,743 | - |
| Recognized during the period / year | - | 1,235,920 |
| Deferred revenue amortized during the period / year | (61,211) | (124,177) |
| Balance at the ending of the period / year | 1,050,532 | 1,111,743 |
| Less: current portion | 247,184 | 247,184 |
| Non-current portion | 803,348 | 864,559 |

SAUDI INDUSTRIAL DEVELOPMENT COMPANY (SIDC)
(SAUDI JOINT STOCK COMPANY)
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2026
(Expressed in Saudi Riyal)

13. Prior year adjustments

During the year ended December 31, 2023, the Group transferred the balance of the fair value reserve relating to financial assets at fair value through other comprehensive income associated with Arabian Industrial Fibers Company – Ibn Rushd, amounting to SAR 132.9 million as at the date of transfer, to retained earnings / (accumulated losses) within equity prior to the derecognition of the related asset. The correction of this accounting treatment was subsequently made retrospectively during the year ended December 31, 2025 in accordance with the requirements of IAS 8, through the reclassification of the fair value reserve relating to financial assets at fair value through other comprehensive income within equity and the adjustment of retained earnings / (accumulated losses). There was no impact on operating activities, profit or loss, total comprehensive income, earnings per share, cash flows, assets or liabilities. In addition, the effect on retained earnings is not distributable as cash dividends, as it represents a reclassification arising from the correction of an accounting treatment rather than realized operating profits, and does not affect the Group's operating performance results.

Impact on the interim condensed consolidated statement of changes in equity as at January 1, 2025 is as follows:

| | Balance before adjustment | Adjustments | Balance after adjustment |
|------------------------------------------|--------------------------------------|--------------------|-------------------------------------|
| Fair value reserve of investments | (4,210,764) | (132,900,000) | (137,110,764) |
| Retained earnings / (accumulated losses) | (5,625,912) | 132,900,000 | 127,274,088 |

14. LOSS PER SHARE

The basic and diluted share of the share of net loss is calculated by dividing the net loss for the regular shareholder period by the weighted average number of shares existing at the date of the interim condensed consolidated financial position.

The following are the net operating loss and the details of the shares used in calculating the basic and diluted operation earnings per share attributable to shareholders of the Parent Company:

| | For the three-month period ended March 31, 2026 (Unaudited) | For the three-month period ended March 31, 2025 (Unaudited) |
|-------------------------------------------------------------|----------------------------------------------------------------------------|-------------------------------------------------------------------|
| Loss from operations | (11,022,116) | (9,203,191) |
| Weighted average number of shares during the period (share) | 30,000,000 | 17,072,005 |
| Basic and diluted loss per share (SAR) | (0.37) | (0.54) |

The following are the net loss and details of the shares used in calculating the basic and diluted earnings per share attributable to shareholders of the Parent Company:

| | For the three-month period ended March 31, 2026 (Unaudited) | For the three-month period ended March 31, 2025 (Unaudited) |
|-------------------------------------------------------------|----------------------------------------------------------------------------|-------------------------------------------------------------------|
| Net loss for the period | (11,630,425) | (9,443,176) |
| Weighted average number of shares during the period (share) | 30,000,000 | 17,072,005 |
| Basic and diluted loss per share (SAR) | (0.39) | (0.55) |

On November 6, 2025, the Extraordinary General Assembly approved the Board of Director's recommendation to increase the Company's share capital through a rights issue. A total of 16.5 million ordinary shares were issued at a nominal value of SAR 10 per share and an issue price of SAR 10 per share, resulting in an increase of SAR 165 million in share capital. Accordingly, the Company's share capital after the increase amounted to SAR 300 million, divided into 30 million ordinary shares.

SAUDI INDUSTRIAL DEVELOPMENT COMPANY (SIDC)
(SAUDI JOINT STOCK COMPANY)
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2026
(Expressed in Saudi Riyal)

15. TRANSACTIONS WITH RELATED PARTIES

The Group has transacted through the normal course of its operations, with related parties. The transactions with related parties were conducted at estimated prices and under payment terms approved by the Group's management. The following is an analysis of this item:

Due to a related party

| Related party | Nature of relationship | Nature of transaction | Volume of transaction for the three-month period ended March 31, | | As of | As of |
|--------------------------------------------|------------------------------------------------|-----------------------|------------------------------------------------------------------|-----------|-----------|--------------|
| | | | 2026 | 2025 | March 31, | December 31, |
| Road Storm Trading and Contracting Company | Associate Company (non – controlling interest) | Financing | - | 1,900,000 | - | - |
| | | | | | - | - |

Director and Senior Executive's Remuneration

The key management of the Group consists of the senior executive employees in the management and board members who have the authority and responsibility to plan, direct, and oversee the group's activities.

Compensation for senior executive management and the board of directors has been recorded as an expense during the three-month period ended March 31, 2026 and 2025 as follows:

| Description | Nature of transaction | Relationship | Transaction Volume | |
|-----------------------------------------------|--------------------------------------------------------------|----------------|--------------------|---------|
| | | | 2026 | 2025 |
| Key management | Salaries and compensation | Parent Company | 1,016,361 | 916,351 |
| | | Subsidiaries | 170,000 | 295,000 |
| | End-of-service benefits | Parent company | 71,987 | 33,863 |
| | | Subsidiaries | 14,167 | 14,167 |
| The board of directors and related committees | Remuneration, benefits and allowances for attending meetings | Parent company | 202,750 | 226,000 |
| | | Subsidiaries | 378,409 | 324,976 |

16. FAIR VALUE MEASUREMENT

All assets and liabilities for which fair value is measured or disclosed in the condensed consolidated interim financial information are classified within a fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole, as set out below:

- The first level: current (unadjusted) prices in active markets for similar assets or liabilities.
- The second level: Valuation techniques for which the lowest level inputs that are significant to the fair value measurement are observable, either directly or indirectly.
- The third level: Valuation techniques for which the lowest level inputs that are significant to the fair value measurement are unobservable.

When the inputs used in measuring the fair value of an asset or liability fall within different levels of the fair value hierarchy, the entire fair value measurement is classified within the same level of the hierarchy as the lowest level input that is significant to the overall measurement.

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

SAUDI INDUSTRIAL DEVELOPMENT COMPANY (SIDC)
(SAUDI JOINT STOCK COMPANY)
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2026
(Expressed in Saudi Riyal)

| March 31, 2026 | Book value | | Fair value | | | Total |
|-------------------------------------------------------------------|-----------------------|-------------------|-------------------|------------------|------------------|-------------------|
| | Amortized cost | Fair value | Level (1) | Level (2) | Level (3) | |
| Financial assets | | | | | | |
| Cash and cash equivalents | 94,063,403 | - | - | - | - | - |
| Financial assets at fair value through other comprehensive income | - | 22,067,440 | 21,085,470 | - | 981,970 | 22,067,440 |
| Other current assets (excluding prepaid expenses) | 3,893,895 | - | - | - | - | - |
| Trade receivables | 21,287,738 | - | - | - | - | - |
| | 119,245,036 | 22,067,440 | 21,085,470 | - | 981,970 | 22,067,440 |
| Financial liabilities | | | | | | |
| Trade payables | 19,566,969 | - | - | - | - | - |
| Accrued expenses and other current liabilities | 15,137,626 | - | - | - | - | - |
| Credit facilities | 9,850,193 | - | - | - | - | - |
| Lease liabilities | 12,611,170 | - | - | - | - | - |
| | 57,165,958 | - | - | - | - | - |
| | | | | | | |
| December 31, 2025 | Book value | | Fair value | | | Total |
| | Amortized cost | Fair value | Level (1) | Level (2) | Level (3) | |
| Financial assets | | | | | | |
| Cash and cash equivalents | 103,553,484 | - | - | - | - | - |
| Financial assets at fair value through other comprehensive income | - | 19,447,099 | 18,465,129 | - | 981,970 | 19,447,099 |
| Other current assets (excluding prepaid expenses) | 3,249,715 | - | - | - | - | - |
| Trade receivables | 20,749,424 | - | - | - | - | - |
| | 127,552,623 | 19,447,099 | 18,465,129 | - | 981,970 | 19,447,099 |
| Financial liabilities | | | | | | |
| Trade payables | 18,783,868 | - | - | - | - | - |
| Accrued expenses and other current liabilities | 12,208,991 | - | - | - | - | - |
| Credit facilities | 11,399,396 | - | - | - | - | - |
| Lease liabilities | 10,845,042 | - | - | - | - | - |
| | 53,237,297 | - | - | - | - | - |

17. SUBSEQUENT EVENTS

No significant subsequent events have occurred after March 31, 2026 until the date of independent auditor's review report on the interim condensed consolidated financial statements.

18. BORD OF DIRECTORS' APPROVAL

These condensed consolidated interim financial statements of the Group for the three-month period ended March 31, 2026, were approved by the Board of Directors on 20 Thul Qi'dah 1447H (corresponding to May 7, 2026).