ARTEX INDUSTRIAL INVESTMENT COMPANY
(A Saudi Joint Stock Company)

Interim Condensed Consolidated Financial Statements (Unaudited)
and Independent Auditor's Review Report
For the Three-Month and Six-Month Periods Ended June 30, 2026

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Independent Auditor's Review Report on the Interim Condensed Consolidated Financial Statements

To the Shareholders,

Artex Industrial Investment Company
(A Saudi Joint Stock Company)

Riyadh, Kingdom of Saudi Arabia

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Artex Industrial Investment Company (the "Company") and its subsidiaries (collectively referred to as the "Group") as at June 30, 2026, and the related interim condensed consolidated statement of profit or loss and other comprehensive income, for the three-month and six-month periods then ended, and the interim condensed consolidated statements of changes in equity and cash flows for the six-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 Standard" (IAS 34) as 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 the 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 the 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 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 IAS 34 as endorsed in the Kingdom of Saudi Arabia.

Other Matter

The consolidated financial statements for the year ended December 31, 2025, and the interim condensed consolidated financial statements for the three-month and six-month periods ended June 30, 2025, of the Group were audited and reviewed by another auditor who expressed modified opinion on Shawal 12, 1447H (corresponding to March 31, 2026), and unmodified conclusion on Safar 13, 1447H (corresponding to August 7, 2025) respectively.

Baker Tilly Professional Services

Majid Muneer Al Nemer
(License No. 381)
Riyadh on Safar 30 1448H
Corresponding to August 13, 2026G

بيكر تيلي للإستشارات المهنية
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Professional Services

ARTEX INDUSTRIAL INVESTMENT COMPANY
(A Saudi Joint Stock Company)
Interim Condensed Consolidated Statement of Financial Position (Unaudited)
As at June 30, 2026
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Notes	**June 30, 2026 (Unaudited)**	December 31, 2025 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	5	**449,476**	450,789
Investment properties	6	**50,000**	50,000
Right of use assets	7	**9,674**	10,491
Investment in an associate	8	**103,332**	91,613
Investment at fair value through other comprehensive income	9	**-**	-
Total non-current assets		**612,482**	602,893
Current assets			
Inventory		**311,212**	280,056
Trade receivables	10	**530,861**	507,838
Due from related parties	12	**54,548**	50,544
Prepayments and other debit balances		**36,324**	31,662
Investment at fair value through profit or loss		**1,580**	1,442
Cash and cash equivalent		**18,805**	32,464
Total current assets		**953,330**	904,006
Assets held for sale		**573**	573
Total assets		**1,566,385**	1,507,472
EQUITY AND LIABILITIES			
Equity			
Share capital		**812,500**	812,500
Retained earnings		**45,828**	33,628
Revaluation surplus		**261,806**	261,806
Fair value reserve		**(50,287)**	(50,287)
Total equity		**1,069,847**	1,057,647
Liabilities			
Non-current liabilities			
Lease liabilities – non-current portion	7	**9,490**	9,504
Employees' defined benefit obligations		**24,495**	23,067
Total non-current liabilities		**33,985**	32,571
Current liabilities			
Short term loans	11	**254,513**	209,089
Lease liabilities – current portion	7	**1,564**	1,539
Trade payables		**58,160**	42,352
Due to related parties	12	**463**	1,823
Accrued expenses and other credit balances		**23,762**	27,754
Dividends payable		**481**	481
Provision for third-party guarantee obligations	9	**111,923**	111,923
Provision for zakat	13	**11,687**	22,293
Total current liabilities		**462,553**	417,254
Total liabilities		**496,538**	449,825
Total equity and liabilities		**1,566,385**	1,507,472

Chief Financial Officer   Authorized Board Member   Chief Executive Officer

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

ARTEX INDUSTRIAL INVESTMENT COMPANY
(A Saudi Joint Stock Company)
Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (Unaudited)
For the Three-Month and Six-Month Periods Ended June 30, 2026
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	For the three-month period ended 30 June		For the six-month period ended 30 June	
		2026	2025 (Refer Note 19)	**2026**	2025 (Refer Note 19)
Revenue	14	**120,167**	128,255	**271,571**	300,575
Cost of revenue		**(113,073)**	(113,211)	**(240,085)**	(262,212)
Gross profit		**7,094**	15,044	**31,486**	38,363
Selling and marketing expenses		**(4,035)**	(3,200)	**(7,543)**	(7,964)
General and administrative expenses		**(5,169)**	(4,222)	**(9,833)**	(8,407)
Provision for expected credit loss		**(500)**	(500)	**(1,000)**	(1,000)
Other income		**1,511**	1,416	**2,724**	2,425
Operating (loss) / profit		**(1,099)**	8,538	**15,834**	23,417
Finance cost		**(3,791)**	(3,417)	**(7,532)**	(7,038)
Dividends income		**41**	20	**41**	40
(Loss) / gain on valuation of investment at fair value through profit or loss		**(78)**	(147)	**138**	(226)
Share of results of an associate	8	**5,360**	4,324	**11,719**	11,936
Profit before zakat for the period		**433**	9,318	**20,200**	28,129
Zakat	13	**(2,500)**	(7,966)	**(8,000)**	(13,466)
Net (loss) / profit for the period		**(2,067)**	1,352	**12,200**	14,663
Other comprehensive income					
Other comprehensive income for the period		**-**	-	**-**	-
Total comprehensive (loss) / income for the period		**(2,067)**	1,352	**12,200**	14,663
Basic and diluted (loss) / earnings per share	15	**(0.03)**	0.02	**0.15**	0.18

Chief Financial Officer | Authorized Board Member | Chief Executive Officer

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

ARTEX INDUSTRIAL INVESTMENT COMPANY
(A Saudi Joint Stock Company)
Interim Condensed Consolidated Statement of Changes in Equity (Unaudited)
For the Six-Month Period Ended June 30, 2026
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Share capital	Retained earnings	Revaluation surplus	Fair value reserve	Total equity
Balance as at January 1, 2025 (Audited)	812,500	(3,162)	249,845	(20,910)	1,038,273
Impact of adjustment for prior period (Note 19)	-	20,864	-	(29,377)	(8,513)
Balance as at January 1, 2025 (Restated)	812,500	17,702	249,845	(50,287)	1,029,760
Net profit for the period (Restated)	-	14,663	-	-	14,663
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	14,663	-	-	14,663
Balance as at June 30, 2025	812,500	32,365	249,845	(50,287)	1,044,423
Balance as at January 1, 2026	**812,500**	**33,628**	**261,806**	**(50,287)**	**1,057,647**
Net profit for the period	**-**	**12,200**	**-**	**-**	**12,200**
Other comprehensive income	**-**	**-**	**-**	**-**	**-**
Total comprehensive income for the period	**-**	**12,200**	**-**	**-**	**12,200**
Balance as at June 30, 2026	**812,500**	**45,828**	**261,806**	**(50,287)**	**1,069,847**

Chief Financial Officer

Authorized Board Member

Chief Executive Officer

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

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	June 30, 2026	June 30, 2025
Cash flows from operating activities			
Profit before zakat		**20,200**	28,129
Adjustments for non-cash items:			
Dividends income		**(41)**	(40)
Share of results of an associate	8	**(11,719)**	(11,936)
Depreciation of property, plant and equipment	5	**16,071**	19,059
Gain on disposal of property, plant and equipment		**-**	(4)
Depreciation of right of use assets		**817**	903
(Gain) / loss on valuation of investments at fair value through profit or loss		**(138)**	226
Finance cost		**7,532**	7,038
Impairment of inventory		**1,000**	407
Provision for expected credit loss		**1,000**	1,000
Provision for employees' defined benefit obligations		**2,280**	2,410
		37,002	47,192
Changes in working capital items:			
Inventory		**(32,156)**	(8,651)
Trade receivables		**(24,023)**	(22,155)
Due from related parties		**(4,004)**	(1,442)
Prepayments and other debit balances		**(4,662)**	(2,753)
Trade payables		**15,808**	6,788
Due to related parties		**(1,360)**	158
Accrued expenses and other credit balances		**(3,992)**	6,169
Cash (used in) / from operating activities		**(17,387)**	25,306
Zakat paid		**(18,606)**	(17,207)
Employees' defined benefit obligations paid		**(852)**	(1,101)
Net cash (used in) / from operating activities		**(36,845)**	6,998
Cash flows from investing activities			
Purchase of property, plant and equipment	5	**(14,758)**	(17,358)
Proceeds from sale property, plant and equipment		**-**	4
Dividends income		**41**	40
Net cash used in investing activities		**(14,717)**	(17,314)
Cash flows from financing activities			
Proceeds from short term loans		**220,356**	303,961
Repayment of short term loans		**(173,368)**	(320,277)
Finance cost paid		**(8,826)**	(7,463)
Lease liabilities paid	7	**(259)**	(280)
Net cash from / (used in) financing activities		**37,903**	(24,059)
Net change in cash and cash equivalents		**(13,659)**	(34,375)
Cash and cash equivalents at beginning of the period		**32,464**	59,127
Cash and cash equivalents at end of the period		**18,805**	24,752
Non-cash transactions not included in the cash flows			
Transferred from right of use assets to assets held for sale	7	-	592
Transferred from lease liabilities to assets held for sale	7	-	550
Transferred from property, plant and equipment to assets held for sale		-	3

Chief Financial Officer | Authorized Board Member | Chief Executive Officer

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

(All amounts in Saudi Riyals thousands unless otherwise stated)

1. Corporate information and principal activities

Artex Industrial Investment Company, (the "Company") is a Saudi Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia, under Commercial Registration Number 1010073685 and Unified National Number 7000102181 dated Safar 26, 1410H (corresponding to September 26, 1989).

The registered address of the Company is building number 9155, 2nd Industrial City, Al Kharj District, Riyadh, Kingdom of Saudi Arabia.

The Company and its following subsidiaries (collectively referred to as the "Group") are engaged in manufacturing carpets, rugs, blankets and prayer mats.

The Group's principal subsidiaries as at period end are set below. The share capital of the subsidiaries consist solely of ordinary shares that are held directly by the Company. The country of incorporation and principal activities of subsidiaries are mentioned.

Name of subsidiary	Country of incorporation	Principal activity	Shareholding
National Spinning Company	KSA	Yarn production	100%
Eastern Textiles Company	KSA	Polypropylene yarn production	100%
Western Textiles Company	KSA	Polypropylene yarn production	100%
Adfa Blanket Company	KSA	Production of blankets	100%
Nadeen Arabian Color Company	KSA	Masterbatch production	100%
Shahd Paper Tube Factory	KSA	PVC tubes	100%
First Carpet Company	KSA	Carpet backing production	100%
Retaj Al Waseel Company	KSA	Staff catering and transportation services	100%
Al Abdullatif Training Institute	KSA	Training services	100%

Geopolitical Developments

The Group continues to monitor the regional geopolitical developments and their potential impact on Saudi Arabia and the broader GCC environment. While the situation remains evolving, the Group maintains a robust operational framework to manage associated risks. These developments have not had a material impact on Group's interim condensed consolidated financial statements for the period ended June 30, 2026; however, given the evolving nature of the conflict, the potential long-term impact on the Group's business will continue to be assessed on future reporting dates.

2. Basis of preparation

Statement of compliance

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

The consolidated financial statements include the financial statements of the Company and all subsidiaries. The consolidated financial statements present financial information about the Group as a single economic entity at the same reporting date of the Company, using consistent accounting policies.

These interim condensed consolidated financial statements do not include all the information and disclosures required in a full set of consolidated financial statements prepared in accordance with IFRS Accounting Standards as endorsed in KSA. Accordingly, it should be read in conjunction with the Group's annual consolidated financial statements for the year ended December 31, 2025.

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

(All amounts in Saudi Riyals thousands unless otherwise stated)

2. Basis of preparation (Continued)

Basis of measurement

These interim condensed consolidated financial statements have been prepared on the historical cost basis, except for the following:

- Land under property, plant and equipment – measured at revalued amount; and
- Employees' defined benefit obligations – measured at the present value of future obligations using the Projected Unit Credit Method.

Furthermore, these interim condensed consolidated financial statements are prepared using the accrual basis of accounting and the going concern basis.

Presentation and functional currency

The interim condensed consolidated financial statements are presented in Saudi Riyal ("SR"), which is the Group's functional currency.

3. Use of estimates and assumptions

The Group makes certain estimates and assumptions regarding the future estimates and assumptions are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual results may differ from these estimates and assumptions.

The significant estimates made by the Group for applying the Group's accounting policies and the primary sources of estimating uncertainty were the same as those that were applied in the consolidated financial statements for the year ended December 31, 2025.

4. Summary of material accounting policies

The accounting policies and calculation methods applied in preparing the interim condensed consolidated financial statements are consistent with those followed in preparing the Group's annual consolidated financial statements for the year ended December 31, 2025. The Group did not early adopt any other standard, interpretation or amendment issued but not yet effective.

New Standards, Amendments to standards and Interpretations

There are new standards and amendments to standards which are effective from January 1, 2026, and have been explained in the Group's annual consolidated financial statements for the year ended December 31, 2025 but these do not have a material effect on the Group's interim condensed consolidated financial statements for the six-month period ended June 30, 2026.

Standards issued but not yet effective

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective and below mentioned are the details of those standards:

Standards/ amendments to standards/ interpretations	Effective date
IFRS 18 Presentation and Disclosure in Financial Statements	January 1, 2027
IFRS 19- Subsidiaries without Public Accountability: Disclosures	January 1, 2027
Translation to a Hyperinflationary Presentation Currency– Amendments to IAS 21	January 1, 2027

The adoption of these standards and interpretations is not expected to have any material impact on the Group on the effective date, except IFRS 18, which the Group is in the process of evaluating the impact of its adoption on the financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 'Presentation and Disclosure in Financial Statements' is effective for period beginning on or after January 1, 2027 and will replace IAS 1 'Presentation of Financial Statements'. IFRS 18 sets out new presentation requirements for the statement of profit or loss and other comprehensive income, as well as more stringent and additional requirements on the aggregation, disaggregation and categorization of income and expenses within the statement of profit or loss and other comprehensive income.

4. Summary of material accounting policies (Continued)

Standards issued but not yet effective (Continued)

IFRS 18 Presentation and Disclosure in Financial Statements (Continued)

The Group has not early adopted this accounting standard in preparing these interim condensed consolidated financial statements; however, earlier application is permitted. The Group is in the process of assessing the estimated impact that the initial application of IFRS 18 will have on its consolidated financial statements. The Group continues to monitor IFRS 18 implementation guidance in advance of adoption for the period beginning January 1, 2027.

The new standard introduces new requirements for the presentation, classification and disclosure of financial statement line items. The requirements were introduced to help achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users.

The key new concepts introduced by IFRS 18 include:

- A revised structure of the statement of profit or loss and other comprehensive income, requiring classification of income and expenses into three newly defined categories based on the entity's main business activities and presentation of two new mandatory subtotals;
- Required disclosures in the financial statements for certain profit or loss performance measures that are reported outside the entity's financial statements (that is, management-defined performance measures);
- Enhanced principles on aggregation and disaggregation which apply to the entity's financial statements and notes in general;
- Disclosure of nature of expenses; and
- Consequential changes to other Standards.

Changes in the statement of profit or loss and other comprehensive income

IFRS 18 requires entities to classify all income and expenses in the statement of profit or loss and other comprehensive income into the following categories: operating, investing, financing, zakat and income tax, and discontinued operations.

The above classification of income and expenses will depend on Group's specified main business activity, which is manufacturing and selling carpets, rugs, blankets and prayer mats.

The Group's application of IFRS 18 will not affect net profit or net assets. However, the Group will be required to present two new subtotals: operating profit and profit or loss before financing and income taxes. The operating profit subtotal under IFRS 18 differs from the current operating profit subtotal presented by the Group. Based on the information currently available, the Group expects changes to the existing structure of the statement of profit or loss and other comprehensive income.

IFRS 18 provides specific guidance on income and expenses classified within the investing and financing categories. The Group is currently evaluating whether gains or losses arising from investments measured at fair value through profit or loss may be appropriately classified within the investing activities. Also, the Group is evaluating whether share in profit / (loss) of equity-accounted investees may be appropriately classified within the investing activities and whether the finance cost should be classified under investing, financing or operating activities.

Management-Defined Performance Measures (MPMs)

Management-defined performance measures represent subtotals of income and expenses used in public communications outside the financial statements and reflect management's view of a particular aspect of the financial performance of the entity as a whole. The Group will be required to disclose specified information relating to management-defined performance measures in a single note to the financial statements.

4. Summary of material accounting policies (Continued)

Standards issued but not yet effective (Continued)
IFRS 18 Presentation and Disclosure in Financial Statements (Continued)

Management-Defined Performance Measures (MPMs) (Continued)
The Group is currently identifying the public communications that should be considered when determining management-defined performance measures. These measures relate to the same reporting period covered by the Group's financial statements. Accordingly, the management-defined performance measures that will be disclosed by the Group upon adoption of IFRS 18 will be determined based on the Group's public communications relating to the interim reporting period for 2027.

The Group is assessing whether performance measures currently communicated to investors, analysts and other stakeholders outside the Group's consolidated financial statements meet the definition of MPM under IFRS 18.

Aggregation and disaggregation principles
IFRS 18 introduces enhanced principles regarding how information is aggregated and disaggregated in the financial statements and provides guidance on the material line items, expenses and income categories that may require enhanced aggregation and disaggregation or presentation (i.e., aggregation and disaggregation of line items in both the primary financial statements and the notes). It also provides guidance on the naming and description of items presented in the primary financial statements or disclosed in the notes.

The Group is currently assessing the aggregation and disaggregation of items based on similar and dissimilar characteristics. Based on this assessment, it will present line items in the Group's financial statements that provide organized and useful summaries and will disclose additional material information in the notes.

The Group is also assessing the line items currently labeled as others, including other operating income / expenses and will use more informative labels or disclose the composition of such items in the notes.

Disclosure of nature of expenses
IFRS 18 requires that if any operating expenses are presented by function on the face of the statement of profit or loss and other comprehensive income, then the entity will be required to provide additional information regarding its nature in the notes to the financial statements.

The Group is currently assessing the requirements of presenting additional disclosure for the nature of expenses in the notes to the consolidated financial statements.

Consequential amendments
IFRS 18 introduces consequential amendments to IAS 7 Statement of Cash Flows, requiring entities to use the new operating profit subtotal as the starting point for preparing cash flows from operating activities when using the indirect method. The Group currently uses profit before zakat for the year / period as the starting point for reconciling cash flows generated from operating activities. As a result of the new starting point, certain reconciliation items included within that reconciliation will change.

The consequential amendments also provide specific guidance regarding the classification of cash flows related to dividends. Under this guidance, the Group is currently evaluating classification of cash flows arising from dividends paid and dividends received within financing activities.

The Group's assessment remains ongoing and further refinements to the expected impact may arise as implementation activities progress and additional industry and regulatory guidance becomes available.

(All amounts in Saudi Riyals thousands unless otherwise stated)

5. Property, plant and equipment

	June 30, 2026	December 31, 2025
Beginning balance for the period / year	**450,789**	440,670
Additions during the period / year	**14,758**	36,105
Net transfer to asset held for sale during the period/ year	**-**	(576)
Net disposal during the period / year	**-**	(297)
Revaluation gain during the period / year	**-**	11,961
Depreciation charged during the period / year	**(16,071)**	(37,074)
Ending balance for the period/ year*	**449,476**	450,789

*This balance includes capital work in progress amounting to SR 28.58 million (December 31, 2025: SR 33.90 million).

6. Investment properties

Investment properties represent a contribution in a plot of land in the city of Medina, Kingdom of Saudi Arabia, with a cost of SR 50 million at a percentage of 14.58% under a land participation contract between the Group and a local real estate investment company, which has registered the title deed of the land in its name.

The Group's share in its fair value as at December 31, 2025 amounted to SR 71.41 million according to the valuation of this plot of land.

7. Right of use assets and lease liabilities

	June 30, 2026		December 31, 2025	
	Right of use assets	**Lease liabilities**	Right of use assets	Lease liabilities
Beginning balance for the period / year	**10,491**	**11,043**	12,713	13,283
Additions during the period / year	**-**	**-**	410	410
Derecognition during the period / year	**-**	**-**	(353)	(374)
Transferred to assets held for sale	**-**	**-**	(592)	(550)
Depreciation during the period / year	**(817)**	**-**	(1,687)	-
Accretion of interest during the period / year	**-**	**270**	-	619
Payments during the period / year	**-**	**(259)**	-	(2,345)
Ending balance for the period / Year	**9,674**	**11,054**	10,491	11,043

The following are the lease liabilities as classified in the interim condensed consolidated statement of financial position:

	June 30, 2026	December 31, 2025
Non-current	**9,490**	9,504
Current	**1,564**	1,539
	11,054	11,043

8. Investment in an associate

Red Sea Cables Company is a Saudi Closed Joint Stock Company, registered in Riyadh, Kingdom of Saudi Arabia, under Commercial Registration Number 1010250764 and Unified National Number 7001556807 having a share capital of SR 180 million. The initial cost of the investment amounted to SR 50 million. The Group holds an equity interest of 27.027% in Red Sea Cables Company, and its investment in the associate is accounted for using the equity method in these interim condensed consolidated financial statements, as the Group exercises significant influence over the associate.

(All amounts in Saudi Riyals thousands unless otherwise stated)

8. Investment in an associate (Continued)

The movement in the investment in an associate during the period was as follows:

	June 30, 2026	December 31, 2025
As at January 1	**91,613**	61,040
Addition during the period / year	**-**	15,568
Share of results for the period / year	**11,719**	27,610
Share of other comprehensive loss for the period / year	**-**	(443)
Dividends during the period / year	**-**	(12,162)
	103,332	91,613

9. Investment at fair value through other comprehensive income

	June 30, 2026	December 31, 2025
Al-Reef Sugar Refining Company	**-**	-
	-	-

Al-Reef Sugar Refining Company (referred to as the "Investee") is a Saudi Closed Joint Stock Company. The Investee is developing a sugar refinery project in Jazan Economic City. The project has been financed through the Investee's equity of SR 331.2 million and a loan obtained by the Saudi Industrial Development Fund (referred to as "SIDF") with an irrevocable and unconditional guarantee from the shareholders of Investee, with all project assets pledged in favor of SIDF.

The Investee failed to complete the construction, commence its operations and to secure additional financing for the project. Based on the Group's assessment for impairment, a full impairment provision of SR 50.287 million representing the entire carrying value of the investment was recognized in 2024.

During 2024 and 2025, the Group received official notices from SIDF, requiring the settlement of SR 111.92 million in respect of the guarantee provided by the Group under a loan agreement granted to the Investee. The Group recorded a provision for this settlement in the respective years.

10. Trade receivables

	June 30, 2026	December 31, 2025
Trade receivables	**571,199**	547,176
Less: Provision for expected credit loss	**(40,338)**	(39,338)
	530,861	507,838

Movement in provision for expected credit loss is as follows:

	June 30, 2026	December 31, 2025
As at January 1	**39,338**	32,878
Charge for the period / year	**1,000**	6,460
	40,338	39,338

11. Short term loans

The Group has obtained short-term loans in the form of Tawarruq from several local banks to manage the working capital of the Group. The loans are charged a commission equal to the sum of the Saudi inter-bank borrowing rate (SAIBOR) and the predetermined rate per annum.

These loans are secured by the issuance of promissory notes from the Group.

The agreements include covenants which require the Group to maintain certain financial ratios. As at June 30, 2026, the Group complied with these required covenants.

(All amounts in Saudi Riyals thousands unless otherwise stated)

12. Transaction and balances with related parties

12.1 Significant transactions with related parties are as follows:

The following are the details of the significant transactions with related parties during the period.

Related party	Nature of relationship	Nature of transaction	June 30, 2026	June 30, 2025
Al Abdullatif Furniture Company	Affiliate	Sales and services rendered	**20,948**	23,850
		Purchases and services received	**(436)**	(163)
		Collection	**(16,508)**	(22,245)
Red Sea Cables Company	Associate	Sales and services rendered	**36**	37
		Purchases and services received	**(403)**	(197)
		Payments	**1,582**	-
Natural Gas Distribution Company	Affiliate	Purchases and services received	**(1,495)**	(1,281)
		Payments	**1,640**	1,283

12.2 Due from related party is as follows:

	June 30, 2026	December 31, 2025
Al Abdullatif Furniture Company	**54,548**	50,544
	54,548	50,544

12.3 Due to related parties is as follows:

	June 30, 2026	December 31, 2025
Red Sea Cables Company	**367**	1,582
Natural Gas Distribution Company	**96**	241
	463	1,823

12.4 Key management remuneration

	June 30, 2026	June 30, 2025
Short term benefits	**3,151**	1,785
Long term benefits	**296**	146
	3,447	1,931

13. Zakat

The Group submits a consolidated zakat return for the Group. The Group has filed its zakat returns up to the year ended December 31, 2025 and has settled the zakat liabilities in accordance with the returns filed.

Final zakat assessments received from the Zakat, Tax and Customs Authority ("ZATCA") for the years up to December 31, 2024 have been settled by the Group.

The zakat assessment for the year 2025 is currently under review by ZATCA and final assessments have not yet been issued.

14. Revenue

Revenue is recognized at a point in time when control of the goods is transferred to the customer, which typically occurs upon delivery of the goods in accordance with the contractual terms with customers.

15. Earnings per share

Basic earnings per share is calculated by dividing the net profit for the period attributable to the shareholders of the Group over the weighted average number of outstanding ordinary shares during the period.

(All amounts in Saudi Riyals thousands unless otherwise stated)

15. Earnings per share (Continued)

There were no diluted shares outstanding at any time during the period, therefore, the diluted earnings per share is equal to the basic earnings per share.

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2026	2025	**2026**	2025
Net (loss) / profit attributable to the shareholders of the Company	**(2,067)**	1,352	**12,200**	14,663
Weighted average number of outstanding shares during the period	**81,250**	81,250	**81,250**	81,250
Basic and diluted (loss) / earning per share	**(0.03)**	0.02	**0.15**	0.18

16. Commitments

The Group has capital commitments on contracts amounting to SR 16.43 million (December 31, 2025: Nil) and letter of credit and guarantee from local banks amounting to SR 42.82 million (December 31, 2025: SR 44.39 million).

17. Segment information

A segment is a separate and distinct part of the Group that engages in business activities from which it may earn revenues and incur expenses. The operating segments are disclosed on the basis of internal reports that are reviewed by the chief operating decision-maker, who is responsible for allocating resources, assessing performance and making strategic decisions about the operating segments.

For management purposes, the Group is organized into business units based on their operations.

Operating segments

The Group has operations for manufacturing and selling carpet, rugs and related products and manufacturing and selling of blankets. The following tables present information for these operating segments for the period ended June 30, 2026 and 2025:

For the six-month period ended June 30, 2026

	Carpet, rugs and related products	**Blankets**	**Total**
Revenue	**247,153**	**24,418**	**271,571**
Cost of revenue	**(214,348)**	**(25,737)**	**(240,085)**
Gross profit / (loss)	**32,805**	**(1,319)**	**31,486**
Comprehensive income / (loss) excluding unallocated income	**4,949**	**(4,647)**	**302**
Unallocated income	**-**	**-**	**11,898**
Total comprehensive income	**-**	**-**	**12,200**
Property, plant and equipment	**431,702**	**17,774**	**449,476**
Total assets	**1,432,705**	**133,680**	**1,566,385**
Total liabilities	**385,561**	**110,977**	**496,538**

For the six-month period ended June 30, 2025

	Carpet, rugs and related products	Blankets	Total
Revenue	264,111	36,464	300,575
Cost of revenue	(233,306)	(28,906)	(262,212)
Gross profit	30,805	7,558	38,363
Comprehensive (loss) / income excluding unallocated income	(704)	3,617	2,913
Unallocated income	-	-	11,750
Total comprehensive income	-	-	14,663
Property, plant and equipment	431,596	19,193	450,789
As at December 31, 2025:			
Total assets	1,364,325	143,147	1,507,472
Total liabilities	333,300	116,525	449,825

(All amounts in Saudi Riyals thousands unless otherwise stated)

17. Segment information (Continued)

Geographical distribution of sales

The Group carries out its operations in the Kingdom of Saudi Arabia, which is the primary domestic market. The Group markets its products to major markets outside the Kingdom, especially in the Asia, North America, European, Australian and African Continents. The following is a summary of the geographical distribution of sales for the period ended June 30, 2026 and 2025:

	June 30, 2026	June 30, 2025
Local sales (inside Kingdom of Saudi Arabia)	**164,619**	208,396
Sales (outside Kingdom of Saudi Arabia)		
Asia Continent	**72,339**	51,620
North America Continent	**13,764**	10,702
European Continent	**7,067**	6,709
Australian Continent	**3,539**	14,495
African Continent	**10,243**	8,653
	106,952	92,179
	271,571	300,575

18. Financial risk management and fair value measurement

The Group's financial risk management strategies have not changed significantly since the last year end.

There have been no substantive changes in the judgements and estimates made by the Group in determining the fair values of the financial instruments since the last annual financial statements. Furthermore, the levels of inputs used in determination of the fair values are consistent with that disclosed in the consolidated financial statements for the year ended December 31, 2025.

19. Prior period adjustment

The Group has made following adjustments in the comparative interim condensed consolidated financial statements:

A. Reassessment of discontinued operations

In the interim condensed consolidated financial statements for period ended June 30, 2025, the Group had presented the results of National Spinning Company as discontinued operations. Based on the management's final assessment, only a group of assets were identified for classification as assets held for sale, rather than classifying the entire operations of National Spinning Company as discontinued. Therefore, the operations have been reclassified to continuing operations.

B. Reclassification of provision for expected credit loss

Provision for expected credit loss in the comparative financial information has been reclassified to match the current period presentation.

C. Investment in an associate

The investment in Red Sea Cables Company, in which the Group holds an interest of 27.027% and had been previously classified as fair value through other comprehensive income (FVOCI), based on an earlier assessment, that the Group did not have a significant influence over the investee.

Subsequent to June 30, 2025, management performed a detailed assessment of the nature of its relationship with the investee. In light of additional information available, indicators of significant influence were identified due to existence of representation on the board of directors.

Accordingly, the Group reclassified this investment as an investment in an associate and accounted for it using the equity method, in accordance with the requirements of IAS 28.

As a result, the comparative consolidated financial statements have been restated to reflect this change.

(All amounts in Saudi Riyals thousands unless otherwise stated)

19. Prior period adjustment (Continued)

The following is a summary of the adjustments to the statement of profit or loss and other comprehensive income for the three-month period ended June 30, 2025:

	Note	Previously reported June 30, 2025	Reclassification	Remeasurement	**June 30, 2025**
		(Un-audited)			**(Un-audited)**
Revenue	A	116,860	11,395	-	**128,255**
Cost of revenue	A	(107,905)	(5,306)	-	**(113,211)**
Gross profit		8,955			**15,044**
Selling and marketing expenses		(3,200)	-	-	**(3,200)**
General and administrative expenses	A, B	(4,669)	447	-	**(4,222)**
Provision for expected credit loss	B	-	(500)	-	**(500)**
Other income		1,416	-	-	**1,416**
Operating profit		2,502			**8,538**
Finance cost	A	(3,361)	(56)	-	**(3,417)**
Dividends income		20	-	-	**20**
Loss on valuation of investments at fair value through profit or loss		(147)	-	-	**(147)**
Share of profit from equity accounted associate	C	-	-	4,324	**4,324**
(Loss) / profit before zakat for the period		(986)			**9,318**
Zakat		(7,966)	-	-	**(7,966)**
Net (loss) / profit for the period		(8,952)			**1,352**
Discontinued operations					
Profit for the period from discontinued operations	A	5,980	(5,980)	-	**-**
Net profit for the period from discontinued operations		5,980			**-**
Other comprehensive income		-	-	-	**-**
Toal comprehensive (loss) / income for the period		(2,972)			**1,352**
Basic and diluted (loss) / earning per share		(0.04)			**0.02**

(All amounts in Saudi Riyals thousands unless otherwise stated)

19. Prior period adjustment (Continued)

The following is a summary of the adjustments to the statement of profit or loss and other comprehensive income for the six-month period ended June 30, 2025:

	Note	Previously reported June 30, 2025	Reclassification	Remeasurement	**June 30, 2025**
		(Un-audited)			**(Un-audited)**
Revenue	A	286,682	13,893	-	**300,575**
Cost of revenue	A	(246,481)	(15,731)	-	**(262,212)**
Gross profit		40,201			**38,363**
Selling and marketing expenses	A	(7,948)	(16)	-	**(7,964)**
General and administrative expenses	A, B	(9,234)	827	-	**(8,407)**
Provision for expected credit loss	B	-	(1,000)	-	**(1,000)**
Other income		2,425	-	-	**2,425**
Operating profit		25,444			**23,417**
Finance cost	A	(6,922)	(116)	-	**(7,038)**
Dividends income		40	-	-	**40**
Loss on valuation of investments at fair value through profit or loss		(226)	-	-	**(226)**
Share of profit from equity accounted associate	C	-	-	11,936	**11,936**
Profit before zakat for the period		18,336			**28,129**
Zakat		(13,466)	-	-	**(13,466)**
Net profit for the period		4,870			**14,663**
Discontinued operations					
Loss for the period from discontinued operations	A	(2,143)	2,143	-	**-**
Net loss for the period from discontinued operations		(2,143)			**-**
Other comprehensive income		-	-	-	**-**
Toal comprehensive income for the period		2,727			**14,663**
Basic and diluted earning per share		0.03			**0.18**

20. Subsequent events

There are no subsequent events that require disclosure or amendment to the accompanying interim condensed consolidated financial statements.

21. Approval of the interim condensed consolidated financial statements

The interim condensed consolidated financial statements have been approved by the Board of Directors on Safar 26, 1448H (corresponding to August 9, 2026G).