ARABIAN PIPES COMPANY
(A Saudi Joint Stock Company)

INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
AND INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE THREE-MONTH AND SIX-MONTH PERIOD ENDED
30 JUNE 2026

ARABIAN PIPES COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) AND INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE THREE MONTH AND SIX-MONTH PERIOD ENDED 30 JUNE 2026

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Independent auditor's review report on the interim condensed financial statements
To the shareholders of Arabian Pipes Company
(A Saudi Joint Stock Company)

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Arabian Pipes Company (A Saudi Joint Stock Company) ("the Company") as at 30 June 2026, and the interim condensed statement of profit or loss and the other comprehensive income for the three-month and six-month period ended 30 June 2026, and the interim condensed statements of changes in shareholders' 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 financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standards on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity", that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial information requires inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical procedures and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

For Maham Company for Professional Services

شركة مهام للاستشارات المهنية
CR 2050240744
1
MAHAM Co. FOR PROFESSIONAL SERVICES

Abdulaziz Saud Al Shabeebi
Certified Public Accountant
License no. (339)
Date: 28 Safar 1448 H
Corresponding to: 11 August 2026

Interim condensed statement of financial position
As at 30 June 2026

	Note	30 June 2026 (Unaudited) SR '000	31 December 2025 (Audited) SR '000
Assets			
Non-current assets			
Property, plant and equipment	4	**249,291**	258,059
Intangible assets		**1,183**	1,769
Right-of-use assets		**21,472**	22,375
Total non-current assets		**271,946**	282,203
Current assets			
Inventory	5	**108,770**	201,753
Trade receivables	6	**77,732**	39,482
Contract assets	7	**38,050**	155,924
Short-term Islamic Murabaha	8	**53,626**	-
Prepayments and other current assets		**48,331**	31,264
Cash and cash equivalents		**63,982**	15,417
Total current assets		**390,491**	443,840
Total assets		**662,437**	726,043
Shareholder's equity and liabilities			
Shareholder's equity			
Share capital	9	**200,000**	200,000
Reserve	9	**15,430**	15,430
Reserve for remeasurement of employees' end of service benefit		**(4,159)**	(4,159)
Retained earnings		**271,957**	276,850
Total Shareholder's equity		**483,228**	488,121
Liabilities			
Non-current liabilities			
Lease liabilities-non-current portion		**22,022**	22,527
Provision for decommissioning cost		**2,182**	2,129
Employees end of service benefit		**30,275**	28,267
Total non-current liabilities		**54,479**	52,923
Current liabilities			
Leases liabilities- current portion		**2,300**	1,348
Bank facilities	10	**41,998**	106,639
Trade payables		**14,222**	37,927
Accrued expenses and other current liabilities	11	**28,884**	28,196
Dividends payable	9	**34,000**	-
Zakat provision	12	**3,326**	10,889
Total current liabilities		**124,730**	184,999
Total liabilities		**179,209**	237,922
Total Shareholder's equity and liabilities		**662,437**	726,043

Chief Financial Officer **Chief Executive Officer** **Chairman of Audit Committee**

The accompanying notes from 1 to 23 form an integral part of these interim condensed financial statements.

Interim condensed statement of profit or loss and other comprehensive income
For the three-month and six-month periods ended 30 June 2026

		For the three-month period ended 30 June		For the six-month period ended 30 June	
	Note	**2026 (Unaudited) SR '000**	2025 (Unaudited) SR '000	**2026 (Unaudited) SR '000**	2025 (Unaudited) SR '000
Revenue	14	**159,836**	254,417	**354,406**	503,347
Cost of revenue	15	**(135,124)**	(192,113)	**(292,809)**	(377,384)
Gross profit		**24,712**	62,304	**61,597**	125,963
Expenses					
Selling and marketing		**(3,709)**	(3,458)	**(6,532)**	(8,194)
General and administrative		**(11,287)**	(12,002)	**(20,085)**	(20,354)
Reversal of (provided for) provision for inventory impairment	5	**2,805**	(893)	**2,805**	(671)
Total expenses		**(12,191)**	(16,353)	**(23,812)**	(29,219)
Profit from operations		**12,521**	45,951	**37,785**	96,744
Finance charges		**(2,570)**	(10,626)	**(5,627)**	(20,495)
Other income, net	16	**659**	312	**309**	1,058
Profit before zakat		**10,610**	35,637	**32,467**	77,307
Zakat	12	**(1,618)**	(1,205)	**(3,360)**	(2,703)
Net profit for the period		**8,992**	34,432	**29,107**	74,604
Total comprehensive income for the period		**8,992**	34,432	**29,107**	74,604
Earnings per share					
Basic and diluted earnings per share from net profit for the period (SR)	17	**0.04**	0.17	**0.15**	0.37

Chief Financial Officer **Chief Executive Officer** **Chairman of Audit Committee**

The accompanying notes from 1 to 23 form an integral part of these interim condensed financial statements

Interim condensed statement of changes in shareholders' equity
For the six-month period ended 30 June 2026

	Share capital SR '000	Reserve SR '000	Reserve for remeasurement of employees' end of service benefit SR '000	Retained earnings SR '000	Total SR '000
As at 31 December 2025 (Audited)	200,000	15,430	(4,159)	276,850	488,121
Net profit for the period	-	-		29,107	29,107
Total comprehensive income for the period	-	-	-	29,107	29,107
Dividend distribution (note 9)	-	-	-	(34,000)	(34,000)
As at 30 June 2026 (Unaudited)	**200,000**	**15,430**	**(4,159)**	**271,957**	**483,228**
As at 31 December 2024 (Audited)	150,000	15,430	(2,991)	238,876	401,315
Net profit for the period	-	-	-	74,604	74,604
Total comprehensive income for the period	-	-	-	74,604	74,604
Transferred to proposed increase in capital	50,000	-	-	(50,000)	-
Dividend distribution (note 9)	-	-	-	(22,500)	(22,500)
As at 30 June 2025 (Unaudited)	200,000	15,430	(2,991)	240,980	453,419

Chief Financial Officer **Chief Executive Officer** **Chairman of Audit Committee**

Interim condensed statement of cash flows
For the six-month period ended 30 June 2026

	Note	For the six-month period ended 30 June 2026 (Unaudited) SR '000	2025 (Unaudited) SR '000
OPERATING ACTIVITIES			
Profit before zakat		**32,467**	77,307
Adjustments for:			
Depreciation of property, plant, and equipment	4	**16,625**	17,920
Amortization of intangible assets		**813**	725
Depreciation of a right-of-use asset		**903**	883
Finance charges		**5,627**	20,495
Gains from the derecognition of financial liabilities related to the Saudi National Development Fund		**-**	(197)
Gain on disposal of property, plant and equipment	16	**(71)**	-
(Reversal of) provided for provision for inventory impairment	5	**(2,805)**	671
Impairment of property, plant and equipment	4	**155**	223
Governmental grant		**-**	(303)
Reversal of allowance for expected credit losses	6	**-**	(146)
Employee end of service benefit		**2,482**	3,023
		56,196	120,601
Change in operating assets and liabilities			
Inventory		**95,788**	51,518
Trade receivables		**(38,249)**	2,773
Prepayments and other current assets		**(17,067)**	(12,637)
Contract assets		**117,874**	(6,992)
Trade payables		**(23,704)**	(8,061)
Accrued expenses and other current liabilities		**479**	57,683
Cash from operations		**191,317**	204,885
Finance charges paid		**(4,749)**	(23,385)
Employee end of service benefit paid		**(473)**	(393)
Zakat paid	12	**(10,923)**	(5,058)
Net cash from operating activities		**175,172**	176,049
INVESTING ACTIVITIES			
Additions to property, plant, equipment	4	**(8,012)**	(6,187)
Additions to intangible assets		**(227)**	-
Proceeds from disposal of property, plant, equipment		**71**	-
Addition to short-term Islamic Murabaha	8	**(53,626)**	-
Proceed from Short-term Islamic Murabaha	8	**-**	10,000
Net cash (used in) from investing activities		**(61,794)**	3,813
FINANCING ACTIVITIES			
Bank facilities paid	10	**(376,992)**	(619,037)
Bank facilities proceed	10	**312,351**	407,842
Payment of lease liability		**(172)**	(238)
Dividends paid	9	**-**	(22,500)
Net cash used in financing activities		**(64,813)**	(233,933)
Net change in cash and cash equivalents		**48,565**	(54,071)
Cash and cash equivalent at the beginning of the period		**15,417**	99,403
Cash and cash equivalents at end of the period		**63,982**	45,332
Significant non-cash transactions			
Transferred from retained earnings to increase in share capital	9	**-**	50,000
Dividend payable	9	**34,000**	-

Chief Financial Officer **Chief Executive Officer** **Chairman of Audit Committee**

The accompanying notes from 1 to 23 form an integral part of these interim condensed financial statements

1 - GENERAL INFORMATION

Arabian Pipes Company ("the Company") is a Saudi Joint Stock Company formed in accordance with the Companies Regulation and is registered in the Kingdom of Saudi Arabia ("KSA") under the Commercial Registration No. 1010085734 dated 14 Safar 1412H (corresponding to 24 August 1991). The Company's registered address is P.O. Box 42734, Riyadh 11551, Third Industrial City, Kingdom of Saudi Arabia.

The main activities of the Company are the production and marketing of longitudinally welded steel pipes for pipelines and for construction and commercial purposes, bending, shaping and threading pipes from the outside and inside, carrying out commercial business such as selling and buying pipes, their accessories, carrying out pipeline extension works, manufacturing pipes, hoses, plastic pipes, their connections and accessories, and manufacturing pipes, pipes and shapes hollow iron and steel.

The Company operates under industrial license (Riyadh plant) No. 434 dated 12 Thul-Qi'dah 1405H (corresponding to 30 July 1985) and amended by the industrial license No. 2195 dated 16 Rajab 1436H (corresponding to 5 May 2015) and industrial license for coating factory No. 479 dated 26 Safar 1436H (corresponding to 18 December 2014).

These interim condensed financial statements include the following branch of the Company:

Name in branch register	Branch Registration No.	Region	Date
Arabian Pipes Company	2055007048	Al-Jubail	21 Rabi' al-Thani 1426H (Corresponding to: 29 May 2005)

Geopolitical Developments

The Company continues to monitor the regional geopolitical developments and their potential impact on Saudi Arabia and the broader GCC environment given that the majority of the Company's operations are conducted within GCC region. While the situation remains evolving, the Company maintains a robust operational framework to manage associated risks.

As at and for the period ended 30 June 2026, these geopolitical developments have not had any material impact on the Company's financial statements. However, given the evolving nature of the conflict, the Company will continue to assess any potential long-term effects on its operations and financial results in future reporting periods.

2 - BASIS OF PREPARATION

2-1 Statement of compliance

These interim condensed financial statements have been prepared in accordance with International Accounting Standard "Interim Financial Reporting" ("IAS 34") that is 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 financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at 31 December 2025.

2-2 Basis of measurement

The interim condensed financial statements have been prepared on the historical cost basis, except for employees' end of service Benefit that have been measured using projected unit credit method.

2-3 Functional and presentation currency

These interim condensed financial statements are presented in Saudi Riyals (SR), which is the Company's functional and presentation currency. All values have been rounded to the nearest thousand Saudi riyals, unless otherwise stated.

2 BASIS OF PREPARATION (continued)

2-3 Functional and presentation currency (continued)

2-3-1 Transactions and balances

Foreign currency transactions are translated into Saudi Riyals using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the period-end exchange rates of monetary assets and liabilities denominated in foreign currencies other than Saudi Riyals are recognized in the profit or loss.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate applicable at the date of the initial transactions

2-4 Material accounting policies

The accounting policies applied in these interim condensed financial statements are the same policies applied to the Company's annual financial statements as at and for the year ended 31 December 2025.

2-5 New and amended standard and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2026 reporting period and have not been early adopted by the Company. Management is currently assessing the impact of these new standards and interpretations on future reporting periods.

IFRS 18 – Presentation and Disclosure in Financial Statements

IFRS 18, Presentation and Disclosure in Financial Statements, will replace IAS 1, Presentation of Financial Statements, and is effective for annual reporting periods beginning on or after 1 January 2027. The Company has not early adopted the new standard in preparing these interim condensed financial statements, although early adoption is permitted.

The Company is currently assessing the expected impact of the initial application of the Standard on its interim condensed financial statements for the three-month period ending 31 March 2027.

a. Structure of the statement of profit or loss

The Standard requires entities to classify all income and expenses into specified categories in the statement of profit or loss and other comprehensive income, namely: operating, investing, financing, and zakat, as applicable. The Standard also requires the presentation of specified subtotals, including operating profit or loss and profit or loss before financing and zakat.

The main activities of the Company are the production and marketing of longitudinally welded steel pipes for pipelines and for construction and commercial purposes, bending, shaping and threading pipes from the outside and inside, carrying out commercial business such as selling and buying pipes, their accessories, carrying out pipeline extension works, manufacturing pipes, hoses, plastic pipes, their connections and accessories, and manufacturing pipes, pipes and shapes hollow iron and steel.

The application of the Standard will not result in any changes to the recognition and measurement requirements applicable to the Company's transactions. However, it is expected to primarily affect the manner in which income and expenses are presented and classified in the statement of profit or loss and other comprehensive income, as well as the subtotals presented therein.

The Company is currently analysing the income and expense items included in the statement of profit or loss and other comprehensive income to determine their appropriate classification within the categories required by the Standard.

2 BASIS OF PREPARATION (continued)

2-5 New and amended standard and interpretations (continued)

IFRS 18 – Presentation and Disclosure in Financial Statements(continued)

a. Structure of the statement of profit or loss (continued)

The Company is also assessing the basis for presenting expenses in the statement of profit or loss and other comprehensive income, including whether presenting expenses by function, by nature, or using a mixed presentation provides the most useful structured summary for users of the financial statements, in accordance with the requirements of the Standard.

b. Management-defined performance measures

The Standard introduces disclosure requirements concerning management-defined performance measures, which are subtotals of income and expenses used by an entity in public communications outside the financial statements and which reflect management's view of an aspect of the financial performance of the Company as a whole.

Where management-defined performance measures exist, the Standard requires them to be disclosed in a single note to the financial statements, together with the information and reconciliations required by the Standard.

The Company is currently identifying and reviewing its public communications, including Board of Directors' reports, announcements published on the stock exchange, investor presentations, and any other public communications, to determine whether they contain subtotals of income and expenses that meet the definition of management-defined performance measures.

c. Principles of aggregation and disaggregation

The Standard provides enhanced principles and requirements regarding how information is aggregated and disaggregated in the primary financial statements and the notes. It also provides guidance on the labelling and description of items presented in the primary financial statements or disclosed in the notes.

The Company is currently assessing the items presented in its financial statements based on their similar and dissimilar characteristics to determine whether certain items need to be presented separately in the primary financial statements or whether additional information should be provided in the notes.

The Company is also reviewing items currently presented under labels that include the word "other," including other income, to determine whether clearer labels should be used or additional details should be provided.

Upon applying the Standard, the Company will present items separately whenever necessary to provide a structured and useful summary for users of the financial statements, while avoiding the obscuring of material information resulting from the aggregation of items with dissimilar characteristics.

d. Consequential amendments

The Standard introduced consequential amendments to a number of other standards, including IAS 7, "Statement of Cash Flows."

Among these amendments is the requirement to use operating profit or loss as the starting point when presenting cash flows from operating activities using the indirect method, instead of the starting point currently used. The consequential amendments also include specific requirements regarding the classification of cash flows related to finance costs, thereby reducing the classification alternatives currently available under IAS 7.

2 BASIS OF PREPARATION (continued)

2-5 New and amended standard and interpretations (continued)

IFRS 18 – Presentation and Disclosure in Financial Statements(continued)

d. Consequential amendments (continued)
The Company is currently assessing the impact of these amendments on the presentation of the statement of cash flows, including the classification of cash flows related to finance costs, lease liabilities, and dividends, as applicable. The application of these amendments is expected to change the starting point used to prepare cash flows from operating activities under the indirect method and may also result in the reclassification of certain cash flows among operating, investing, and financing activities.

3 - SIGNIFICANT ASSUMPTIONS AND ESTIMATES
The preparation of the Company's interim condensed financial statements requires management to make judgments, estimates, and assumptions as of the reporting date that affect the reported amounts of revenues, expenses, assets, and liabilities, as well as the disclosure of contingent assets and liabilities. However, due to the inherent uncertainty in these assumptions and estimates, actual results may differ, potentially resulting in material adjustments to the carrying amounts of affected assets or liabilities in future periods. Estimates and judgments are reviewed on an ongoing basis and are based on historical experience and other relevant factors, including reasonable expectations of future events under current circumstances. The Company makes forward looking estimates and assumptions, and actual outcomes may differ from those estimates.

The significant judgments made by management in applying the Company's accounting policies, as well as the key sources of estimation uncertainty, are consistent with those disclosed in the annual financial statements for the year ended 31 December 2025.

4 - PROPERTY, PLANT AND EQUIPMENT

The estimated useful lives of assets for calculating depreciation are as follows:

Buildings	33 years or lease term, whichever is less	Furniture and fixtures	3.33-5 years
Machinery and equipment	10-25 years	Computers	3.33-5 years
Vehicles	5 years		

	Land SR '000	Buildings SR '000	Machinery and equipment SR '000	Vehicles SR '000	Furniture and fixtures SR '000	Computers SR '000	Capital works in progress SR '000	Total SR '000
Cost:								
At 31 December 2025 (audited)	5,676	91,580	761,074	2,969	2,449	2,513	7,567	873,828
Additions	-	-	5,547	-	91	35	2,339	8,012
Transferred from capital work in progress	-	-	844	-	-	-	(844)	-
Disposal	-	-	-	(1,286)	-	-	-	(1,286)
At 30 June 2026 (unaudited)	5,676	91,580	767,465	1,683	2,540	2,548	9,062	880,554
Accumulated depreciation								
At 31 December 2025 (audited)	-	57,240	553,214	2,090	1,411	1,814	-	615,769
Charged for the period	-	1,791	14,456	114	157	107	-	16,625
Impairment	-	-	155	-	-	-	-	155
Disposal	-	-	-	(1,286)	-	-	-	(1,286)
At 30 June 2026 (unaudited)	-	59,031	567,825	918	1,568	1,921	-	631,263
Net book value								
At 30 June 2026 (unaudited)	**5,676**	**32,549**	**199,640**	**765**	**972**	**627**	**9,062**	**249,291**

- The Company's buildings in Riyadh and Jubail include buildings constructed on land leased from government authorities.
- The impairment mentioned above relates to spare parts that are being replaced and those used for repairing of machinery and equipment.
- Capital work in progress includes the cost of constructing a new warehouse amounting to SAR 3.9 million and machinery and equipment with a carrying value of SAR 5.1 million. Capital work in progress will be transferred to property, plant and equipment once it is ready for its intended use, during 2026.

4- PROPERTY, PLANT AND EQUIPMENT (continued)

	Land SR '000	Buildings SR '000	Machinery and equipment SR '000	Vehicles SR '000	Furniture and Fixtures SR '000	Computer SR '000	Capital works in progress SR '000	Total SR '000
Cost:								
At 31 December 2024	5,676	91,391	762,483	2,484	3,896	3,647	71	**869,648**
Additions	-	189	13,218	543	382	175	7,496	**22,003**
Disposal	-	-	(14,627)	(58)	(1,829)	(1,309)	-	**(17,823)**
At 31 December 2025	5,676	91,580	761,074	2,969	2,449	2,513	7,567	**873,828**
Accumulated Depreciation:								
At 31 December 2024	-	53,629	535,519	1,937	2,896	2,869	-	**596,850**
Charged for the year	-	3,611	31,154	211	309	233	-	**35,518**
Impairment	-	-	184	-	-	-	-	**184**
Disposal	-	-	(13,643)	(58)	(1,794)	(1,288)	-	**(16,783)**
At 31 December 2025	-	57,240	553,214	2,090	1,411	1,814	-	**615,769**
Net book value:								
At 31 December 2025	**5,676**	**34,340**	**207,860**	**879**	**1,038**	**699**	**7,567**	**258,059**

Depreciation has been charged within the Interim condensed statement of profit or loss and other comprehensive income as follows:

	For the six-month period ended 30 June	
	2026 (unaudited) SR '000	2025 (unaudited) SR '000
Cost of revenue	**15,782**	17,103
General and administrative expenses	**828**	804
Selling and marketing expenses	**15**	13
	16,625	17,920

5- INVENTORY

	30 June 2026 (Unaudited) SR ‘000	31 December 2025 (Audited) SR ‘000
Finished goods	**47,077**	43,304
Consumable materials	**40,845**	41,993
Raw materials	**27,326**	58,112
Goods in transit	**22,059**	83,931
Work in progress	**4,000**	8,570
Scrap inventory	**539**	1,724
	141,846	237,634
Less: provision for inventory impairment (note 5.1)	**(33,076)**	(35,881)
	108,770	201,753

5.1 The movement of provision for inventory impairment is as follows:

	For the six-month period ended 30 June 2026 (Unaudited) SR ‘000	For the year ended 31 December 2025 (Audited) SR ‘000
At the beginning of the period / year	**35,881**	35,249
(Reversed) charged during the period / year	**(2,805)**	632
At the end of the period / year	**33,076**	35,881

6 -TRADE RECEIVABLES

	30 June 2026 (Unaudited) SR ‘000	31 December 2025 (Audited) SR ‘000
Trade receivables	**79,793**	41,543
Provision for expected credit losses (note 6.1)	**(2,061)**	(2,061)
	77,732	39,482

6-1 Movement of provision for expected credit losses

	For the six-month period ended 30 June 2026 (Unaudited) SR ‘000	For the year ended 31 December 2025 (Audited) SR ‘000
At the beginning of the period / year	**2,061**	2,163
Reversal during the period / year	**-**	(102)
	2,061	2,061

(a) The Company applies the simplified approach of International Financial Reporting Standard 9 for measuring expected credit losses.
(b) Trade receivables do not bear interest and are varying maturity periods ranging from 30 to 60 days.
(c) The maximum exposure to credit risk as of the reporting date is the carrying value of each category of the mentioned trade receivables.
(d) The Company does not hold any collateral against the trade receivables and, therefore, they are unsecured.
(e) As of the date of approval of the interim condensed financial statements, an amount of SAR 39.66 million has been collected from trade receivables outstanding as at 30 June 2026.

6 - TRADE RECEIVABLES (continued)

The analysis of aging for trade receivables was as follows:

	Total SR '000	Less than 90 days SR '000	From 91 to 180 SR '000	From 181 to 360 SR '000	More than 360 SR '000
30 June 2026 (Unaudited)	**79,793**	**78,433**	**-**	**-**	**1,360**
31 December 2025 (Audited)	41,543	40,183	-	-	1,360

7 -CONTRACT ASSETS

Contract assets primarily relate to the company's right to receive payment for performance completed to date in relation to completed steel pipe manufacturing contracts (for which revenue is recognized over time), but which have not been invoiced as of the statement of financial position date. These amounts will be transferred to trade receivables when invoiced to customers, SR 8.68 million of contract asset were billed subsequent to the interim condensed statement of financial position date. All contract asset balances as at 30 June 2026 were due within less than 90 days and, therefore, were not subject to a significant risk of impairment.

The movement in the contract assets account was as follows:

	For the six-month period ended 30 June 2026 (Unaudited) SR '000	For the year ended 31 December 2025 (Audited) SR '000
At the beginning of the period / year	**155,924**	128,500
Revenues recognized during the period / year	**205,013**	443,882
Invoices issued during the period / year	**(322,887)**	(416,458)
At the end of the period / year	**38,050**	155,924

8 SHORT TERM ISLAMIC MURABAHA

Short-term Islamic Murabaha represents deposits with local banks with an original maturity period of more than three months but not exceeding twelve months from the acquisition date, and it generates Murabaha income at an average rate of 3.99% per annum (31 December 2025: 5.38%).

	For the six-month period ended 30 June 2026 (Unaudited) SR '000	For the year ended 31 December 2025 (Audited) SR '000
At the beginning of the period/ year	**-**	20,000
Addition during the period / year	**53,626**	70,000
Collection during the period/ year	**-**	(90,000)
At the end of the period/ year	**53,626**	-

9 -SHARE CAPITAL, DIVIDENDS AND RESERVE

<u>SHARE CAPITAL</u>

The authorized, issued and paid capital of the Company consists of 200 million shares, the value of each share is 1 Saudi riyals (31 December 2025: 200 million shares, the value of each share is 1 Saudi riyals).

9 -SHARE CAPITAL, DIVIDENDS AND RESERVE (continued)

Increasing the capital from SR 150 million to SR 200 million

The Board of Directors recommended on 27 of Sha'ban 1446H (corresponding to 26 February 2025) to increase the company's capital from SR 150 million to SR 200 million by capitalizing a portion of retained earnings.

On 30 Shawwal 1446 H (corresponding to 28 April 2025), the Capital Market Authority approved the request of the Arabian Pipes Company to increase its capital from SR 150 million to SR 200 million by granting one bonus share for every three existing shares held by shareholders registered in the issuer's shareholder register at the Securities Depository Center at the close of trading on the second trading day following the entitlement date.

The Extraordinary General Assembly, meeting on 7 Dhu al-Hijjah 1446 AH (corresponding to 3 June 2025), approved the Board of Directors' recommendation to increase the company's capital. The Company completed the statutory procedures relating to the capital increase during 2025.

Increasing the capital from SR 200 million to SR 252 million

On 2 Ramadan 1447 H (corresponding to 19 February 2026), the Board of Directors recommended to increase the company's share capital from SR 200 million to SR 252 million through the issuance of 52 million new ordinary shares by capitalizing a portion of retained earnings. Under the recommendation, 50,000,000 bonus shares will be distributed to the Company's shareholders of record (representing 25% of the Company's share capital prior to the increase, on the basis of one bonus share for every four existing shares held). The remaining 2,000,000 newly issued shares will be allocated as treasury shares under the Company's Employee Share Incentive Plan in accordance with the Long-Term Incentive Plan, representing 1% of the Company's share capital prior to the increase

On 25 Dhu Al-Hijjah 1447H (corresponding to 11 June 2026), the Capital Market Authority approved the request of the Arabian Pipes Company to increase its capital from SR 200 million to SR 252 million. The proposed capital increase is subject to the approval of the Extraordinary General Assembly that will be held on 11 Rabi Awal 1448H (corresponding to 24 August 2026).

Reserve

During the year 2024, the Company amended its by-laws to comply with the new Companies Regulations requirements issued by Royal Decree M/132 dated 30 June 2022 and consequently, the Company is no longer required to appropriate statutory reserve and accordingly, the reserve appropriated during the prior years will be subject to shareholders resolution in the future, either to keep it as a general reserve, or transfer it back to retained earnings.

Dividends

1- The Board of Directors recommended on 2 of Ramadan 1447H (corresponding to 19 February 2026) to distribution of cash dividends to shareholders for the year 2025 amounting to SAR 34 million, at SAR 0.17 per share.

The Ordinary General Assembly meeting held on 7 Dhu Al-Hijjah 1448H (corresponding to 22 June 2026), the shareholders approved the Board of Directors' recommendation to distribute cash dividends to shareholders for the year ended 31 December 2025.The dividends were deposited into the shareholders' bank accounts on 27 Muharram 1448H (corresponding to 12 July 2026). The dividend distribution was recognized as dividends payable as at 30 June 2026.

2- On 28 Sha'ban 1446H (corresponding to 27 February 2025) The Board of Directors recommended distribution of cash dividends to shareholders for the year 2024 amounting to SAR 22.5 million, at SAR 0.15 per share.

The Ordinary General Assembly meeting held on 7 Dhu Al-Hijjah 1446H (corresponding to 3 June 2025), the shareholders approved the Board of Directors' recommendation to distribute cash dividends to shareholders for the year ended 31 December 2024. The dividends were deposited into the shareholders' bank accounts on 1 Muharram 1447H (corresponding to 26 June 2025).

10 - BANK FACILITIES

The Company obtained bank facilities and short-term financing from several local banks, with the balance of bank facilities as at 30 June 2026, amounting to SR 42 million (31 December 2025: SR 107 million). These consist of letter of credit financing and short-term financing to cover the company's working capital requirements, with facilities bearing a commission according to prevailing market rates, these facilities are secured by promissory notes and pledges on trade receivable balances, the facilities are compliant with Islamic Sharia principles. The facility agreements include covenants to maintain certain financial indicators, such as the leverage ratio, among others. According to these financial agreements, the bank has the right to demand immediate repayment of the facilities if these conditions are not met. The company was in compliance with the bank facility covenants as at 30 June 2026.

The movement in bank facilities and term financing was as follows:

	30 June 2026 (Unaudited) SR '000	31 December 2025 (Audited) SR '000
At the beginning of the period/ year	**106,639**	335,932
Bank facilities proceed	**312,351**	616,634
Bank facilities paid	**(376,992)**	(845,927)
At the end of the period/ year	**41,998**	106,639

11 -ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	30 June 2026 (Unaudited) SR '000	31 December 2025 (Audited) SR '000
VAT Payable	**14,031**	-
Accrued expenses	**9,271**	13,984
Contract liabilities	**3,362**	10,415
Other liabilities	**2,220**	3,797
	28,884	28,196

12 – ZAKAT

The zakat charge for the period ended 30 June 2026 amounted to SR 3.36 million (period ended 30 June 2025: SR 2.7 million, for the year ended 31 December 2025: SR 6.95 million).

Zakat expense for the period is estimated in accordance with the requirements of the Zakat, Tax, and Customs Authority ("ZATCA") and is charged to the interim condensed statement of profit or loss and other comprehensive income. Any differences resulting from the final Zakat calculation, if any, are adjusted in the period in which these differences are determined, in accordance with the requirements of International Accounting Standard No. 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

12-1 Zakat provision movement

	For the six-month period ended 30 June 2026 (Unaudited) SR '000	For the year ended 31 December 2025 (Audited) SR '000
At the beginning of the period/ year	**10,889**	8,994
Charged during the period/ year	**3,360**	6,953
Payments during the period/ year	**(10,923)**	(5,058)
At the end of the period/ year	**3,326**	10,889

12 – ZAKAT (continued)

12-2 Zakat assessments

The Company has submitted its zakat returns to the Zakat, Tax and Customs Authority ("the ZATCA") for all years up to 2025 and has paid the zakat due accordingly, obtained the zakat certificates. The Company has finalized the Zakat assessments with ZATCA for all years up to 2018, as well as for the years from 2021 to 2024.

During March 2024, the Company received Zakat assessments from the Zakat, Tax and Customs Authority (ZATCA) for the fiscal years 2019 and 2020, requiring the Company to pay additional Zakat amounting to SAR 5.63 million. During 2024, the Company paid SAR 1.67 million, representing the non-disputable portion of the additional assessment. The Company filed an objection with ZATCA against the remaining balance of SAR 3.96 million and recognized a provision for the full amount. In August 2024, ZATCA issued its decision and rejected the objection in full. Accordingly, the Company filed an appeal with the General Secretariat of the Tax, Zakat and Customs Committees (the "General Secretariat")

During 2026, the First Appeals Circuit for Income Tax Violations and Disputes (the "Appeals Circuit") issued its decision rejecting the Company's appeal in full. Accordingly, the additional Zakat assessments became final and enforceable, and the Company settled the remaining balance of SAR 3.96 million. Subsequently, the Company submitted a petition for reconsideration of the Appeals Circuit's decision to the General Secretariat of the Tax, Zakat and Customs Committees. As of the date of issuance of these condensed interim financial statements, the General Secretariat has not yet issued a decision regarding the petition for reconsideration

The Company is not aware of any other disputes with ZATCA and has not received any Zakat assessments for the subsequent years.

13- RELATED PARTIES TRANSACTIONS AND THEIR BALANCES

Top management employees are defined as people who have the authority and responsibility to plan, direct and control the Company's activities (directly or indirectly).

Transactions with related parties include salaries, bonuses and allowances of board of directors' members and senior executives that took place during the period between the Company and top management. Transactions with related parties were as follows:

		For the six-month period ended 30 June	
Related parties	Nature of the transaction	**2026 (Unaudited) SR '000**	2025 (Unaudited) SR '000
Senior executives	Short-term salaries and bonuses	**3,686**	3,559
	Employees defined benefit liabilities	**301**	823
Members of the Board of Directors and other committees	Bonuses and allowances	**2,504**	1,401
		6,491	5,783

14- REVENUE

14.1 The following is a breakdown of revenues from contracts with customers:

	For the six-month period ended 30 June	
	2026 (Unaudited) SR '000	2025 (Unaudited) SR '000
Revenues from steel pipes manufacturing and packaging activities	**349,963**	498,857
Other operating revenues	**4,443**	4,490
	354,406	503,347

14.2 Timing of revenue recognition:

	For the six-month period ended 30 June	
	2026 (Unaudited) SR '000	2025 (Unaudited) SR '000
Revenue recognized over a period of time	**205,014**	249,920
Revenue recognized at a point in time	**149,392**	253,427
	354,406	503,347

14.3 Geographic markets:

	For the six-month period ended 30 June	
	2026 (Unaudited) SR '000	2025 (Unaudited) SR '000
Inside the Kingdom of Saudi Arabia	**353,534**	495,175
Outside the Kingdom of Saudi Arabia	**872**	8,172
	354,406	503,347

14.4 Revenue by customer type:

	For the six-month period ended 30 June	
	2026 (Unaudited) SR '000	2025 (Unaudited) SR '000
Semi-governmental customers	**205,014**	249,920
Private sector customers	**149,392**	253,427
	354,406	503,347

14.5 The following table shows the aggregate amount of the transaction price allocated to performance obligations that are not satisfied (or partially satisfied) as at the end of the period:

	For the six-month period ended 30 June	
	2026 (Unaudited) SR '000	2025 (Unaudited) SR '000
Revenues from steel pipes manufacturing and packaging activities (ongoing projects)	**685,711**	913,916
	685,711	913,916

14- REVENUE (continued)

Management anticipates that all performance obligations related to unsatisfied contracts for steel pipe manufacturing and packaging activities as of 30 June 2026 to be completed by end of the financial period 30 June 2027 (30 June 2025: was expected within the year 2025).

15 -COSTS OF REVENUE

	For the six-month period ended 30 June	
	2026 (Unaudited) SR '000	2025 (Unaudited) SR '000
Raw materials	**243,319**	319,425
Salaries, wages and related benefits	**27,555**	34,359
Depreciation of property, plant and equipment	**15,782**	17,103
Utilities	**2,432**	2,649
Maintenance Expenses	**1,905**	2,203
Depreciation of right to use assets	**857**	804
Impairment of property, plant and equipment	**155**	223
Others	**804**	618
	292,809	377,384

16 – OTHER INCOME, NET

	For the six-month period ended 30 June	
	2026 (Unaudited) SR '000	2025 (Unaudited) SR '000
Financing income from short-term Islamic Murabaha	**1,129**	2,070
Gain on disposal of property, plant and equipment	**71**	-
Financing revenues from Governmental grants	-	303
Gains from the derecognition of financial liabilities related to the Saudi National Development Fund financing	-	197
Currency Exchange losses	**(891)**	(1,567)
Other	-	55
	309	1,058

17 -BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share is calculated by dividing the net profit attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding as at the date of issuance of the interim condensed financial statements. Diluted earnings per share is the same as basic earnings per share since the Company has no diluted shares issued.

	For the six-month period ended 30 June	
	2026 (Unaudited)	2025 (Unaudited)
Profit for the period attributable to shareholders (SR '000)	**29,107**	74,604
Weighted average number of shares ('000)	**200,000**	200,000
Basic and diluted earnings per share (SR)	**0.15**	0.37

17 -BASIC AND DILUTED EARNINGS PER SHARE (continued)

In accordance with the requirements of IAS 33 ‘Earnings per Share’, the weighted average number of outstanding shares has been retrospectively adjusted for the comparative period ended 30 June 2025, as if the capital increase had occurred on 1 January 2025. Accordingly, earnings per share for the comparative period have been restated to reflect this adjustment in line with the requirements of IAS 33 ‘Earnings per Share’.

18 -SEGMENT REPORTING

A segment is a distinguishable component of the Company that is engaged in providing products or services (a business segment) or in providing products or services within a particular economic environment (a geographic segment), which is subject to risks and rewards that are different from those of other segments.

The Company’s Board of Directors monitors the results of the Company’s operations and has been identified as the primary body responsible for making operational decisions. The Company’s net results are disclosed to the entire Board of Directors. Additionally, the various expenses included in the measurement of the Company’s net results are disclosed in the related notes to the interim condensed financial statements.

The Company’s activities are limited to the manufacturing and packaging of steel pipes. The Company analyzes financial information for its operations as a whole. Accordingly, no segment analysis has been performed for the income statement, other comprehensive income statement, or the statement of financial position. The chief operating decision maker considers the company as a single operating segment based on the nature of its operations and products, as all of the Company's operations relate to a single operating segment, additionally, the substantial portion of the Company's activities and all of its assets and liabilities are located within the Kingdom of Saudi Arabia. Revenues outside the Kingdom of Saudi Arabia did not exceed 10% of total revenues, geographic information regarding the company’s revenues is disclosed in note (13-3).

19 -COMMITMENTS AND CONTINGENCIES

Contingent Liabilities

As at 30 June 2026, the Company has outstanding letters of credit amounting to SR 151.1 million (31 December 2025: SR 102.3 million).

Bank Guarantees

The Company’s banks have issued bank guarantees with a maximum limit of SR 50 million (31 December 2025: SR 73.17 million).

Capital commitments

As at 30 June 2026, the company had capital commitment of SR 4.2 million (31 December 2025: SR 958 thousand).

20- FAIR VALUE MEASUREMENT

Fair value is the value at which assets are exchanged, or liabilities are settled between willing parties in an arm's length transaction. Financial instruments consist of financial assets and financial liabilities. Financial assets include cash and cash equivalents, trade receivables, other current assets, contract assets and short-term Islamic Murabaha. Financial liabilities include bank facilities, trade payables, accrued expenses and other current liabilities and lease liabilities.

The management has assessed that the fair value of cash and cash equivalents, trade receivables, other current assets, contract assets, short term Islamic Murabaha, bank facilities, trade payable, accrued expenses and other current liabilities and lease liabilities approximate their carrying amounts. This is mainly due to the short-term maturity of these instruments.

20- FAIR VALUE MEASUREMENT (continued)

During the period ended 30 June 2026 and 31 December 2025, there were no transfers between Level 1 and Level 2 of fair value measurement hierarchy, and there were no transfers to or from Level 3 of fair value measurement hierarchy.

21- INTERIM RESULTS

The results of operations for the six-month period ended 30 June 2026 are not necessarily indicative of the annual results of the Company's operations.

22 -SUBSEQUENT EVENTS

Management is not aware of any significant subsequent events that would have a material impact on the interim condensed financial statements, except for those disclosed in Note 6,7 and 9.

23- APPROVALS OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements were approved by the board of directors on 23 Safar 1448 H (corresponding to 6 August 2026).