TAKWEEN ADVANCED INDUSTRIES
(A SAUDI JOINT STOCK COMPANY)
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE AND SIX MONTHS PERIOD ENDED JUNE 30, 2026
WITH INDEPENDENT AUDITOR'S REVIEW REPORT

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(A SAUDI JOINT STOCK COMPANY)
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INDEPENDENT AUDITOR'S REVIEW REPORT ON CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The shareholders
Takween Advanced Industries
(A Saudi Joint Stock Company)
Al-Khobar, Kingdom of Saudi Arabia

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Takween Advanced Industries (the "Company"), a Saudi Joint Stock Company and its subsidiaries (collectively referred to as the "Group") as at June 30, 2026, and the related condensed consolidated interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three-months and six- months periods then ended and other explanatory notes. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as endorsed in the Kingdom of Saudi Arabia. A review of condensed consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing as endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

Material Uncertainty Related to Going Concern

We draw attention to Note (2) to the accompanying interim condensed consolidated financial statements, which states that the Group incurred net losses amounting to approximately SAR 62.19 million during the six-month period ended June 30, 2026 (2025: net losses of SAR 35.57million).Furthermore, as of that date, the Group's accumulated losses amounted to approximately SAR 562.57 million which exceed' s 50% of the share capital (2025: SAR 500.38 million). In addition, the Group's current liabilities exceeded its current assets by approximately SAR 404.3 million (2025: SAR 268.61 million). These events or conditions, along with other matters, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

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TAKWEEN ADVANCED INDUSTRIES COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2026

	Note	June 30, 2026 (Un-audited) SR '000	December 31, 2025 (Audited) SR '000
ASSETS			
Non-current assets			
Property, plant and equipment	4	631,075	456,618
Intangible assets		186	-
Goodwill		208,509	208,509
Investments in an associate		-	64,240
Total non-current assets		839,770	729,367
Current assets			
Inventories	5	101,114	95,514
Trade receivables	6	168,015	152,762
Due from related parties		345	54,237
Prepaid expenses and other assets		68,279	36,317
Investment held at amortized cost		4,309	4,173
Cash and cash equivalents	7	74,141	28,385
Total current assets		416,203	371,388
Assets held for sale		-	14,551
TOTAL ASSETS		1,255,973	1,115,306
EQUITY AND LIABILITIES			
Equity			
Share capital	8	764,646	764,646
Other reserves		(73,981)	(73,412)
Accumulated losses		(562,570)	(500,380)
Total equity		128,095	190,854
LIABILITIES			
Non-current liabilities			
Long-term loans	9	184,283	168,695
Lease liabilities – non-current portion		89,635	88,902
Employee benefits		32,822	26,385
Deferred tax		635	474
Total non-current liabilities		307,375	284,456
Current liabilities			
Current portion of long-term loans	9	168,618	117,159
Short-term loans	9	338,246	309,702
Lease liabilities – current portion		20,581	25,036
Trade payables		167,632	67,621
Due to related parties		3,097	234
Accrued payables and other liabilities		122,329	120,244
Total current liabilities		820,503	639,996
Total liabilities		1,127,878	924,452
TOTAL EQUITY AND LIABILITIES		1,255,973	1,115,306

Marwan

Mohamed Abdelrasoul	Marwan Jreige	Abdulmohsen Al-Othman
Chief Financial Officer	**Chief Executive Officer (A)**	**Chairman**

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

TAKWEEN ADVANCED INDUSTRIES COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THREE AND SIX MONTH PERIOD ENDED JUNE 30, 2026

		From April 1 to June 30		From January 1 to June 30	
		2026	2025	**2026**	2025
		(Un-audited)	(Un-audited)	**(Un-audited)**	(Un-audited)
	Note	**SR '000**	SR '000	**SR '000**	SR '000
Revenue	13	**205,459**	138,381	**422,650**	283,382
Cost of revenue		**(186,019)**	(126,795)	**(386,428)**	(253,424)
Gross profit		**19,440**	11,586	**36,222**	29,958
General and administrative expenses		**(14,126)**	(10,620)	**(27,443)**	(20,461)
Selling, marketing and distribution expenses		**(12,402)**	(8,323)	**(25,182)**	(16,394)
Movement in expected credit losses, net		**(9,586)**	(812)	**(6,098)**	-
Impairment of property, plant and equipment		**(12,389)**	-	**(12,389)**	-
Operating (loss) / income		**(29,063)**	(8,169)	**(34,890)**	(6,897)
Finance charges		**(19,757)**	(16,112)	**(39,380)**	(29,623)
Other income, net		**5,802**	1,612	**4,316**	7,384
Share in result of equity-accounted investment		**-**	(3,222)	**-**	(6,145)
Remeasurement of previously held interest equity-accounted investment		**-**	-	**(42,550)**	-
Gain on bargain purchase		**-**	-	**50,610**	-
Loss before zakat and income tax		**(43,018)**	(25,891)	**(61,894)**	(35,281)
Zakat and income tax		**(174)**	(158)	**(296)**	(287)
Net loss for the period		**(43,192)**	(26,049)	**(62,190)**	(35,568)
Other comprehensive income:					
Item that may be reclassified to statement of profit or loss;					
Exchange differences on translation of foreign operation		**2,190**	249	**(569)**	307
Other comprehensive income / (loss) for the period		**2,190**	249	**(569)**	307
Total comprehensive loss for the period		**(41,002)**	(25,800)	**(62,759)**	(35,261)
Loss per share (SR)					
Basic and diluted loss per share	14	**(0.56)**	(0.34)	**(0.81)**	(0.47)

Mohamed Abdelrasoul	Marwan Jreige	**Abdulmohsen Al-Othman**
Chief Financial Officer	**Chief Executive Officer (A)**	**Chairman**

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

TAKWEEN ADVANCED INDUSTRIES COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2026

	Share capital	Other reserves	Accumulated losses	Total
	SR '000	SR '000	SR '000	SR '000
Balance as at January 1, 2025 (audited)	764,646	(74,659)	(298,350)	391,637
Net loss for the period	-	-	(35,568)	(35,568)
Other comprehensive income for the period	-	307	-	307
Total comprehensive loss for the period	-	307	(35,568)	(35,261)
Balance as at June 30, 2025 (un-audited)	764,646	(74,352)	(333,918)	356,376
Balance as at January 1, 2026 (audited)	**764,646**	**(73,412)**	**(500,380)**	**190,854**
Net loss for the period	-	-	**(62,190)**	**(62,190)**
Other comprehensive loss for the period	-	**(569)**	-	**(569)**
Total comprehensive loss for the period	-	**(569)**	**(62,190)**	**(62,759)**
Balance as at June 30, 2026 (un-audited)	**764,646**	**(73,981)**	**(562,570)**	**128,095**

Mohamed Abdelrasoul
Chief Financial Officer

Marwan Jreige
Chief Executive Officer (A)

Abdulmohsen Al-Othman
Chairman

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

	Note	For the six months period ended June 30, 2026 (Un-audited) SR '000	June 30, 2025 (Un-audited) SR '000
OPERATING ACTIVITIES			
Loss before zakat and income tax		(61,894)	(35,281)
Adjustments for:			
Depreciation and amortization		34,475	21,630
Loss / (gain) on disposal of property, plant and equipment	4	2,419	(3,224)
Impairment of assets held for sale		12,389	-
Movement in expected credit losses, net		6,098	-
Finance charges		39,380	29,623
Provision for employee benefits		2,354	2,657
Interest income on investment held at amortized cost		(401)	(356)
Share of loss of equity-accounted investees		-	6,145
Remeasurement of previously held interest		42,550	-
Reversal of provision for advances and other receivables		(6,212)	-
Gain on bargain purchase		(50,610)	-
		20,548	21,194
Changes in working capital:			
Inventories		33,008	2,769
Trade receivables		7,134	11,677
Due from related parties		(7,728)	(647)
Prepaid expenses and other receivable		(11,800)	(13,171)
Trade payables		37,135	5,160
Due to related parties		2,863	1,683
Accrued payable and other liabilities		(16,422)	(43,474)
Cash generated from / (used in) operations		64,738	(14,809)
Employee benefits paid		(2,826)	(4,020)
Net cash generated from / (used in) operating activities		61,912	(18,829)
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	4	(10,564)	(20,677)
Proceeds from disposal of property, plant and equipment		253	6,885
Proceeds from / (Investment in) investment held at amortized costs		265	(123)
Interest income from investment held at amortized cost		235	362
Acquisition of subsidiary-net cash acquired		2,874	-
Net cash used in investing activities		(6,937)	(13,553)
FINANCING ACTIVITIES			
Proceeds of loans		1,130,374	693,928
Repayment of loans		(1,092,598)	(605,359)
Repayment of principal of lease liability		(10,440)	(7,434)
Finance charges paid		(36,136)	(31,035)
Net cash (used in) / generated from financing activities		(8,800)	50,100
Net change in cash and cash equivalents		46,175	17,718
Cash and cash equivalents at the beginning of the period		28,385	6,296
Foreign currency translation reserve		(419)	271
Cash and cash equivalents at the end of the period	7	74,141	24,285

Mohamed Abdelrasoul	Marwan Jreige	Abdulmohsen Al-Othman
Chief Financial Officer	Chief Executive Officer (A)	Chairman

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

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

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

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

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

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

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

	Effective ownership	
	June 30, 2026	December 31, 2025
Saudi Plastic Packaging Systems ("Saudi Packaging")	**100%**	100%
Al-Sharq Company for Plastic Industries Limited ("Al-Sharq")	**100%**	100%
New Marina for Plastic Industries Company (S.A.E.) ("New Marina")	**100%**	100%
Advanced Fabrics Factory Company ("SAAF")	**100%**	30%
Ultra-Pak Manufacturing Company ("Ultra Pak")	**100%**	100%

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

2.1 Basis of Preparation

These condensed consolidated interim financial statements for the three-month and six-month period ended June 30, 2026, have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. These condensed consolidated interim financial statements do not include all the information and disclosures required in the annual consolidated financial statements and hence should be read in conjunction with the Group's annual consolidated financial statements for the year ended December 31, 2025.

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

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

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

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.2 Going concern

As of June 30, 2026, the Group reported a net loss amounting to approximately SAR 62.19 million during the six-months period ended June 30, 2026 (2025: net losses of SAR 35.57 million).
Furthermore, as of that date, the Group's accumulated losses amounted to approximately SAR 562.57 million which exceeds 50% of the share capital (2025: SAR 500.38 million). In addition, the Group's current liabilities exceeded its current assets by approximately SAR 404.3 million (2025: SAR 268.61 million). This is mainly due to market challenges, fluctuating prices of key raw materials, and recording impairment losses amounting to SAR 115.07 million during 2025, indicating material uncertainty regarding its ability to continue as a going concern. To address this, management has initiated a turnaround strategy focused on debt restructuring, operational optimization, cost efficiencies, and revenue growth initiatives. Based on projected cash flows and planned restructuring, management expects the Group to have sufficient resources to meet its obligations, and accordingly, the condensed consolidated interim financial statements have been prepared on a going concern basis.

2.3 Goodwill

Management has performed annual impairment testing of Goodwill as of 31 December 2025, the carrying value of goodwill amounted to SR 208.509 million (2024: SR 323.58 million) relates to the acquisition of Saudi Plastic Packaging System (formerly Savola Packaging Systems Company Limited) along with its subsidiaries.

2.4 Basis of consolidation

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

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

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

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

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

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.4 Basis of consolidation (Continued)

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

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

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

2.5 Use of judgments and estimates

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

2.6 New standards, amendments to standards and interpretations

A number of new standards, amendments to standards are effective from January 1, 2026, but they do not have a material effect on the Group's condensed consolidated interim financial statements.

Certain new accounting standards and interpretations have been published that are not mandatory for June 30, 2026 reporting period and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

IFRS 18 Presentation and Disclosure in financial statements will replace IAS 1 Presentation of Financial Statements and applies for annual reporting periods beginning on or after 1 January 2027. The Group has not early adopted the new accounting standard in preparing these condensed consolidated interim 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.

a) Presentation of consolidated statement of profit or loss

IFRS 18 requires entities to classify income and expenses into specified categories within the statement of profit or loss, namely operating, investing, financing, zakat and income tax, and discontinued operations. Classification of income and expenses depends on the main business activities of an entity. The Group determined that it does not have a specified main business activity pertaining to investments in assets and/or providing financing to customers.

Neither Profit/Loss for the Period nor net Assets/total Equity are expected to change as a result of adopting IFRS 18. IFRS 18 introduces two newly defined subtotals, which are 'Operating Profit or Loss' and 'Profit or Loss Before Financing and Zakat and Income taxes'. However, operating profit currently presented in the consolidated statement of profit or loss differs from the operating profit or losses that will be presented after adoption of IFRS 18.

Based on the information currently available, it is expected that the following reclassification within the consolidated statement of profit or loss will be made to align with the new presentation requirements under IFRS 18:

• A new subtotal, 'income before financing and zakat and income taxes' will be presented;

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.6 New Standards, Amendments to Standards and Interpretations (Continued)

a) Presentation of consolidated statement of profit or loss (Continued)

• Bank charges and other charges not related to raising finance will be reclassified and presented under the operating category;
• Foreign exchange differences shall be classified in the same category as the income and expenses from the items that give rise to the foreign currency differences;
• Fair value gain/loss on financial instruments held at fair value through profit or loss will be reclassified as part of the investing category;
• Finance costs on 'lease liabilities', interest expense on 'employees' defined benefit liabilities', and interest expenses on debt instruments will be presented under the financing category; and
• 'Share of results from equity accounted investees' and "finance income on short-term investments and cash and cash equivalents will be presented under the investing category.

b) Principles of aggregation and disaggregation
IFRS 18 provides enhanced guidance on the principles of aggregation and disaggregation, which focus on grouping items based on their shared characteristics, including specific presentation or disclosure matters identified through management implementation assessment. It also introduces guidance on labelling and describing items presented in the primary financial statements or disclosed in the notes.

Management is assessing the characteristics of the assets, liabilities, equity items, income, expense and cash flows when determining which information should be aggregated and what information should be disaggregated. Based on this, management will present line items in the primary financial statements that provide useful structured summaries and disclose additional information in the notes.

The Group is also assessing line items currently labelled as 'other' and will use more informative labels.

c) Consolidated statement of cash flows
IFRS 18 introduces amendments to IAS 7 that require that, under the indirect method, operating profit or loss shall be adjusted to determine the net cash flow from operating activities, instead of profit before zakat and income tax currently used to determine net cash flow from operating activities.

These amendments also provide specific guidance on the classification of interest cash flows. The Group will classify cash outflows from interest paid as financing activities rather than operating activities under this guidance.

d) Notes to the consolidated financial statements
Disclosure related to depreciation, amortization, employee benefits, impairment losses or reversals, if any, and write-downs and reversals of write-downs of FSLIs to be added along with the nature of category, if related to within operating activities.

e) Management-defined performance measures (MPMs)
MPMs are defined as a subtotal of income and expenses used in public communications outside the consolidated financial statements that communicate the management's view of an aspect of the financial performance of the Group as a whole. Such measures will be required to be disclosed within a single note to the consolidated financial statements together with explanations of their purpose and reconciliations to the most directly comparable IFRS-defined totals or subtotals.

Based on the initial assessment performed to date, the Group has not identified any MPMs that are not already presented in the consolidated statement of profit or loss. However, management's assessment will continue as public communications relating to the reporting period in which IFRS 18 is first applied become available. Any measures subsequently identified as MPMs will be subject to the disclosures and reconciliation requirements of IFRS 18.

3. BUSINESS COMBINATIONS

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Company, liabilities incurred by the Company to the former owners of the acquiree and the equity interests issued by the Company in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

As per IFRS 10, at the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognized at their fair value with the exception of liabilities related to employee benefit arrangements which are recognized and measured in accordance with IAS 19 - “Employee benefits”.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity’s net identifiable assets in the event of liquidation may be initially measured either at fair value or at the noncontrolling interests’ proportionate share of the recognized amounts of the acquiree’s identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

The initial accounting for a business combination can be determined provisionally by the end of the measurement period (not exceeding 12 months from the acquisition date) and the business combination is accounted for using provisional amounts. Adjustments to provisional amounts and the recognition of newly identified assets and liabilities are made within the 'measurement period' where they reflect new information obtained about facts and circumstances that were in existence at the acquisition date.

3.1 Acquisition of Advanced Fabrics Factory Company “SAAF”

On January 01, 2026, the Group closed the acquisition of 70% of the shares of SAAF. The Group already owned 30% interest in SAAF, following completion of this transaction, the Group now holds 100% interest of SAAF. The Group has consolidated the results of operations from January 01, 2026.

Fair value of net assets acquired.

The application of the purchase method requires certain estimates and assumptions, mainly concerning the determination of the fair values of the acquired property, plant and equipment as well as the liabilities assumed at the date of the acquisition, including the timing and amounts of cash flow projections, the revenue growth rates, the customer attrition rates and the discount rate. The fair values determined at the acquisition date are based mainly on discounted cash flows and other valuation techniques.

The preliminary purchase price allocation was carried out with the assistance of a third-party expert. In accordance with IFRS 3, the Company used provisional amounts for a various component of the business combination as of the acquisition date and will continue reviewing the allocation and make any necessary adjustments during the twelve months (measurement period) following the acquisition date.

The allocation of the fair values determined for the assets and liabilities arising from the acquisition is as follows:

Fair value of acquired assets and liabilities as of the acquisition date (January 01, 2026)

	SR ‘000
Property, plant and equipment	198,956
Working Capital	81,099
Cash and cash equivalents	2,874
Borrowings	(54,571)
Other assets and liabilities, net	(156,058)
Net assets	72,300

4. PROPERTY, PLANT AND EQUIPMENT

	June 30, 2026 (Un-audited) SR '000	December 31, 2025 (Audited) SR '000
Net book value at beginning of the period/ year	**456,618**	445,955
Acquired in business combination	**198,956**	-
Additions during the period/year	**10,564**	148,866
Disposal during the period/ year	**(510)**	(97,983)
Depreciation charged during the period/ year	**(34,344)**	(40,587)
Foreign currency translation	**(209)**	367
Net book value at end of period/ year	**631,075**	456,618

5. INVENTORIES

	June 30, 2026 (Un-audited) SR '000	December 31, 2025 (Audited) SR '000
Finished goods	**26,507**	28,370
Raw and packaging materials and work in progress	**47,986**	39,562
Spare parts	**46,672**	29,161
	121,165	97,093
Allowance for inventories	**(20,051)**	(1,579)
	101,114	95,514

5.1 Movement in the Allowance for obsolescence and slow-moving inventories:

	June 30, 2026 (Un-audited) SR '000	December 31, 2025 (Audited) SR '000
Opening balance	**1,579**	1,709
Acquired in business combination	**18,494**	-
Movement, net	**-**	(171)
Foreign currency translation	**(22)**	41
Closing balance	**20,051**	1,579

6. TRADE RECEIVABLES

	June 30, 2026 (Un-audited) SR '000	December 31, 2025 (Audited) SR '000
Trade receivables – third parties	**257,074**	229,363
Allowance for impairment for trade receivables	**(89,059)**	(76,601)
	168,015	152,762

6. TRADE RECEIVABLES (Continued)

6.1 The movement in the allowance for expected credit loss is as follows:

	June 30, 2026 (Un-audited) SR '000	December 31, 2025 (Audited) SR '000
Opening balance	**76,601**	80,738
Acquired in business combination	**3,755**	-
Charged / (reversed) during the period / year	**6,098**	(2,370)
Write off	**(373)**	(1,885)
Adjustments	**3,013**	-
Foreign currency translation	**(35)**	118
Closing balance	**89,059**	76,601

7. CASH AND CASH EQUIVALENTS

	June 30, 2026 (Un-audited) SR '000	December 31, 2025 (Audited) SR '000
Cash in hand	**276**	216
Cash at bank	**23,506**	28,169
Restricted cash at bank*	**50,359**	-
	74,141	28,385

*These balances are restricted in the bank accounts of the Group based on court order issued.

8. SHARE CAPITAL

As of June 30, 2026, the Group's share capital was SR 764,646,060 (December 31, 2025: SR 764,646,060), divided into 76,464,606 fully paid shares (December 31, 2025: 76,464,606), each with a nominal value of SR 10.

8.1 Summary of share capital

	June 30, 2026 (Un-audited) SR '000	December 31, 2025 (Audited) SR '000
Authorized share capital (in shares of SR 10 each)	**764,646**	764,646
Issued, subscribed and fully paid-up share capital	**764,646**	764,646

Reconciliation of number of shares outstanding (in "000")	**June 30, 2026 (Un-audited)**	December 31,2025 (Audited)
Opening balance	**76,465**	76,465
Closing balance	**76,465**	76,465

9. BORROWINGS

	June 30, 2026 (Un-audited)	December 31, 2025 (Audited)
	SR '000	SR '000
Long-term loans (a)	**352,901**	285,854
Short-term loans (b)	**338,246**	309,702

a) Long-term loans

	June 30, 2026 (Un-audited)	December 31, 2025 (Audited)
	SR '000	SR '000
Commercial loan	**352,901**	285,854
Less: current portion	**(168,618)**	(117,159)
Non-current portion of long-term loans	**184,283**	168,695

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

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

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

During the period ended June 30, 2026, the Group restructured its loan facility "Tawarroq financing" with a local commercial bank and amended it to a long-term arrangement of SR 66.25 million. This financing is secured by a corporate guarantee and an order note payable at sight, both from its major shareholder, and bears financial charges at prevailing market rates based on Saudi Interbank Offered Rates ("SIBOR") plus 3.5% spread. The restructured financing is payable in 48 monthly installments commenced from January 31, 2026, with final maturity on December 31, 2029. This financing requires the maintenance of certain financial and non-financial covenants.

The Group was in breach of certain loan covenants, monitored annually in December. Remedial actions were taken, including obtaining a waiver from the bank for the year ended December 31, 2025.

b) Short term loans

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

c) Loan movement

	June 30, 2026 (Un-audited)	December 31, 2025 (Audited)
	SR '000	SR '000
Opening balance	**595,556**	558,899
Acquired in business combination	**54,571**	-
Proceeds from loans	**1,130,374**	1,671,108
Repayment of loans	**(1,092,598)**	(1,631,649)
Finance charges on loan	**29,068**	48,028
Repayment of finance charges on loan	**(25,824)**	(50,830)
Closing balance	**691,147**	595,556

10. RELATED PARTY DISCLOSURES

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

Company	Relationship
Al Othman Group of Companies	Affiliates
Al Ahsa Medical Services Company	Common directorship
Advanced Fabrics Factory Company	Previously associate

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

Nature of transaction	**June 30, 2026 (Un-audited)**	June 30, 2025 (Un-audited)
	SR '000	SR '000
Loan from shareholder	**-**	95,473
Sales during the period	**43,281**	42,445
Service revenue	**6,775**	2,359
Finance cost on loan from shareholder	**-**	2,473
Rentals	**734**	520
Insurance services	**401**	300
Accommodation, food and other miscellaneous expenses	**13**	41
Purchase of materials	**622**	16

11. REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

	June 30, 2026 (Un-audited)	June 30, 2025 (Un-audited)
	SR '000	SR '000
Remuneration	**4,958**	4,743
House rent allowance	**904**	1,023
Employee benefits	**417**	370
Bonus	**200**	346
Medical allowance	**63**	68
Others	**476**	616
	7,018	7,166
BOD and related committees' remuneration	**174**	129

12. SEGMENTAL INFORMATION

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

- Food packaging: This segment includes manufacturing and sales of preforms bottles, caps, cups and lids.
- Industrial packaging: This segment includes manufacturing and sales of drums, crates, containers, bags, films, pallets and tubes.
- Medicinal and non-woven fabrics: This segment includes manufacturing and sales of non-woven medical and hygiene fabrics.

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

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

Selected financial information as at June 30,2026 and June 30, 2025, and for the period then ended, categorized by these business segments, is as follows;

	Food packaging	Industrial packaging	Non-woven fabrics	Total
	SR '000	SR '000	SR '000	SR '000
For the six months period ended June 30, 2026				
External revenue	259,974	53,735	108,941	422,650
Inter-segment revenue	316	2,319	-	2,635
Segment revenue	260,290	56,054	108,941	425,285
Cost of revenue	(235,823)	(48,690)	(101,944)	(386,457)
Administrative expenses	(6,864)	(2,938)	(5,003)	(14,805)
Selling, marketing and distribution expenses	(12,382)	(3,964)	(8,836)	(25,182)
Movement in expected credit loss, net	2,180	(9,527)	1,249	(6,098)
Impairment of fixed assets	(12,389)	-	-	(12,389)
Finance charges	(23,149)	(5,819)	(5,394)	(34,362)
Other Income, net	(1,576)	179	7,426	6,029
Segment results	(29,713)	(14,705)	(3,561)	(47,979)
As at June 30, 2026				
Segment assets	566,418	124,904	277,173	968,495
Segment liabilities	328,275	84,935	224,570	637,780

12. SEGMENTAL INFORMATION (Continued)

	Food packaging	Industrial packaging	Non-woven fabrics	Total
	SR '000	SR '000	SR '000	SR '000
For the six months period ended June 30, 2025				
External revenue	227,620	55,762	-	283,382
Inter-segment revenue	325	2,433	-	2,758
Segment revenue	227,945	58,195	-	286,140
Cost of revenue	(203,204)	(50,373)	-	(253,577)
Administrative expenses	(7,173)	(3,605)	-	(10,778)
Selling, marketing and distribution expenses	(12,670)	(3,724)	-	(16,394)
Finance charges	(22,277)	(4,427)	-	(26,704)
Other Income, net	6,471	585	-	7,056
Segment results	(10,908)	(3,349)	-	(14,257)
As at December 31, 2025				
Segment assets	574,212	150,836	-	725,048
Segment liabilities	329,665	98,522	-	428,187

(a) Reconciliation of information on reportable segments to the amounts reported in the condensed consolidated interim financial statements.

Certain corporate expenses and related assets and liabilities (primarily the Group's headquarters) are not allocated to individual segments. Further, certain consolidation adjustments relating to elimination of inter-company balances are also adjusted. The reconciliation of these amounts is as follows;

	From January 1 to June 30	
	2026	2025
	(Un-audited)	(Un-audited)
	SR '000	SR '000
Revenues		
Segment revenue	**425,285**	286,140
Elimination of inter-segment revenue	**(2,635)**	(2,758)
Consolidated revenue	**422,650**	283,382
Loss before zakat and income tax		
Segment results	**(47,979)**	(14,257)
Unallocated amounts	**(13,915)**	(21,024)
Consolidated loss before zakat and income tax	**(61,894)**	(35,281)

	June 30, 2026	December 31,2025
	(Un-audited)	(Audited)
	SR '000	SR '000
Total assets		
Segment assets	**968,495**	725,048
Unallocated assets	**761,282**	867,908
Consolidated adjustments	**(473,804)**	(477,650)
Consolidated total assets	**1,255,973**	1,115,306
Total liabilities		
Segment liabilities	**637,780**	428,187
Unallocated liabilities	**640,247**	563,718
Consolidated adjustments	**(150,149)**	(67,453)
Consolidated total liabilities	**1,127,878**	924,452

12. SEGMENTAL INFORMATION (Continued)

(b) Geographic information

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

	From January 1 to June 30	
	2026	2025
	(Un-audited)	(Un-audited)
	SR '000	SR '000
Revenue		
Kingdom of Saudi Arabia	**297,755**	233,973
Other countries	**124,895**	49,409
	422,650	283,382

	June 30, 2026	December 31,2025
	(Un-audited)	(Audited)
	SR '000	SR '000
Non-current assets		
Kingdom of Saudi Arabia	**623,778**	442,156
Egypt	**7,483**	5,844
	631,261	448,000

(c) Major customer

Revenue from one customer of the Group's both Food and Industrial packaging segments represented approximately SR 49.77 million (2025: SR 44.1 million) of the Group's total revenues.

13. REVENUE

(a) Revenue streams

The Group generates revenue primarily from the sale of food and industrial packaging products to its customers (refer note 12).

	From January 1 to June 30	
	June 30, 2026	June 30, 2025
	(Un-audited)	(Un-audited)
	SR '000	SR '000
Revenue from contracts with customers	**422,650**	283,382

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

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

13. REVENUE (Continued)

(c) Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by primary geographical market and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments (note 12**).**

	Food packaging	Industrial packaging	Non-woven fabrics	Total
	SR '000	SR '000	SR '000	SR '000
For the six months period ended June 30, 2026				
Primary geographical markets				
Kingdom of Saudi Arabia	**214,524**	**41,846**	**41,385**	**297,755**
Other countries	**45,450**	**11,889**	**67,556**	**124,895**
	259,974	**53,735**	**108,941**	**422,650**
Timing of revenue recognition				
Products transferred at a point in time	**259,974**	**53,735**	**108,941**	**422,650**
External revenue as reported in Segmental information (note 12)	**259,974**	**53,735**	**108,941**	**422,650**
For the six months period ended June 30, 2025				
Primary geographical markets				
Kingdom of Saudi Arabia	187,718	46,255	-	233,973
Other countries	39,902	9,507	-	49,409
	227,620	55,762	-	283,382
Timing of revenue recognition				
Products transferred at a point in time	227,620	55,762	-	283,382
External revenue as reported in Segmental information (note 12)	227,620	55,762	-	283,382

(d) Contract balances

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

	Note	**June 30, 2026 (Un-audited)**	December 31, 2025 (Audited)
		SR '000	SR '000
Trade receivables – gross	**6**	**257,074**	229,363
Contract liabilities (advance from customers)		**63,545**	100,745

The contract liabilities primarily relate to the advance consideration received from customers before the goods are delivered. The amount of SR 37.2 million included in advance from customers as at December 31, 2025 has been recognized as revenue in 2026 (2025: SR 40.1 million).

13. LOSS PER SHARE

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

For diluted loss per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all potential dilutive ordinary shares. There were no potentially dilutive shares outstanding at any time during the periods 2025 and 2026.

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

The basic and diluted loss per share are as follows:

	From April 1 to June 30		**From January 1 to June 30**	
	2026	2025	**2026**	2025
	(Un-audited)	(Un-audited)	**(Un-audited)**	(Un-audited)
	SR '000	SR '000	**SR '000**	SR '000
Net loss for the period	**(43,192)**	(26,049)	**(62,190)**	(35,568)
Weighted average number of ordinary shares	**76,465**	76,465	**76,465**	76,465
Basic and diluted earnings per share	**(0.56)**	(0.34)	**(0.81)**	(0.47)

14. CONTINGENCIES AND COMMITMENTS

The Group had the following contingencies and commitments:

	June 30, 2026	December 31, 2025
	(Un-audited)	(Audited)
	SR '000	SR '000
Letters of guarantee and others	**1,342**	1,377
Capital commitments against purchase of property, plant and equipment	**28,125**	833

Exit Success Fee
Under a share purchase agreement for the acquisition of shares in Advanced Fabrics Factory Company dated 30 April 2026, the Group may be required to pay a contingent exit success fee to the former shareholder upon a future disposal of its investment in the company. The fee is payable only if an exit transaction occurs within the agreed period and is calculated as a percentage of the transaction value (ranging from 3% to 10%, depending on the circumstances). As this obligation is contingent on a future uncertain event, no liability has been recognized as at the reporting date.

15. CONTINGENCIES AND COMMITMENTS (Continued)

Legal Claim
Bawabat Al-Hijaz Al-Dawliya Company, a former manpower supplier of Savola Packaging Systems Company (which was acquired by Takween Advanced Industries Company in 2015), filed a legal claim against the Company amounting to SAR 56 million in respect of additional works allegedly performed by the claimant prior to the acquisition date. The Company disputes the claim and believes that the claimant's alleged entitlement is not supported by contractual arrangements or other appropriate evidence.

On 20 May 2026, a judgment was issued requiring the Company to pay SAR 56 million to the claimant. The Company subsequently filed a petition for reconsideration before the Supreme Court, supported by legal submissions and an independent certified public accountant's report. As of 30 June 2026, and the date of approval of these condensed consolidated interim financial statements, the petition remains under consideration by the Supreme Court.

Based on management's assessment, supported by the opinion of the Company's legal counsel and the information currently available, management believes that the Company has strong legal grounds to challenge the judgment and that the likelihood of an outflow of economic resources is not probable.

In addition, the Company holds a legally binding indemnity undertaking from a major shareholder in relation to certain liabilities, if any, arising from periods prior to the acquisition date, subject to the terms and conditions of the undertaking. Management believes that any valid obligation relating to pre-acquisition periods would be covered by such undertaking.

Accordingly, no provision has been recognized in these condensed consolidated interim financial statements in respect of this matter.

16. RECENT GEOPOLITICAL DEVELOPMENTS IN THE MIDDLE EAST

The Group continues to monitor geopolitical developments in the Middle East and their potential impact on the regional economy and business environment. Based on management's assessment, the Group did not experience any significant disruption to its operations, customer activity, or financial performance during the six-month period ended 30 June 2026, and no material impact on the condensed consolidated interim financial statements has been identified. Management will continue to monitor the situation and assess any potential future effects at subsequent reporting dates.

17. SUBSEQUENT EVENTS

On July 12, 2026, the Board of Directors approved the appointment of Albilad Capital as the financial adviser, lead manager and underwriter in connection with the Company's previously announced proposal to reduce its share capital and subsequently increase its share capital through a SAR 400 million rights issue.
The proposed transaction forms part of the Company's capital restructuring plan and remains subject to the completion of the required regulatory procedures and approvals. As at the date of these financial statements, the application for the proposed capital reduction had not yet been submitted to the Capital Market Authority. Accordingly, no adjustment has been made to the condensed consolidated interim financial statements in respect of this matter.

Other than disclosed above, there have been no further significant subsequent events since the period ended 30 June 2026 that would have a material impact on the financial position of the Group as reflected in these condensed consolidated interim financial statements.

18. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current period’s presentation. These reclassifications did not have any impact on the Group’s previously reported net income, total equity or cash flows.

19. APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

These condensed consolidated interim financial statements were approved by the board of directors for issuance on August 11, 2026 corresponding to Safar 28, 1448 H.