

ARABIAN PIPES COMPANY
(A Saudi Joint Stock Company)

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

**ARABIAN PIPES COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) AND INDEPENDENT
AUDITOR'S REVIEW REPORT
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 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 31 March 2026, and the interim condensed statement of profit or loss and the other comprehensive income, changes in shareholders' equity and cash flows for the three-month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed 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



Abdulaziz Saud Al Shabeebi
Certified Public Accountant
License no. (339)
Date: 17 Dhu al-Qi'dah 1447 H
Corresponding to: 4 May 2026



Arabian Pipes Company
(A Saudi Joint Stock Company)

Interim condensed statement of financial position
As at 31 March 2026

	Note	31 March 2026 (Unaudited) SR '000	31 December 2025 (Audited) SR '000
Assets			
Non-current assets			
Property, plant and equipment	4	251,359	258,059
Intangible assets		1,596	1,769
Right-of-use assets		21,924	22,375
Total non-current assets		274,879	282,203
Current assets			
Inventory	5	170,962	201,753
Trade receivables	6	108,726	39,482
Contract assets	7	138,910	155,924
Prepayments and other current assets		35,583	31,264
Cash and cash equivalents		66,127	15,417
Total current assets		520,308	443,840
Total assets		795,187	726,043
Shareholder's equity and liabilities			
Shareholder's equity			
Share capital	8	200,000	200,000
Reserve	8	15,430	15,430
Reserve for remeasurement of employees' end of service benefit		(4,159)	(4,159)
Retained earnings		296,965	276,850
Total Shareholder's equity		508,236	488,121
Liabilities			
Non-current liabilities			
Lease liabilities-non-current portion		22,815	22,527
Provision for decommissioning cost		2,156	2,129
Employees end of service benefit		28,920	28,267
Total non-current liabilities		53,891	52,923
Current liabilities			
Leases liabilities- current portion		1,367	1,348
Bank facilities and current portion of long term financing	9	151,385	106,639
Trade payables		23,368	37,927
Accrued expenses and other current liabilities	10	44,309	28,196
Zakat provision	11	12,631	10,889
Total current liabilities		233,060	184,999
Total liabilities		286,951	237,922
Total Shareholder's equity and liabilities		795,187	726,043


Chief Financial Officer


Chief Executive Officer


Chairman of Audit Committee

The accompanying notes from 1 to 22 form an integral part of these interim condensed financial statements.

Arabian Pipes Company
(A Saudi Joint Stock Company)

Interim condensed statement of profit or loss and other comprehensive income
For the three-month period ended 31 March 2026

For the three-month period ended 31
March

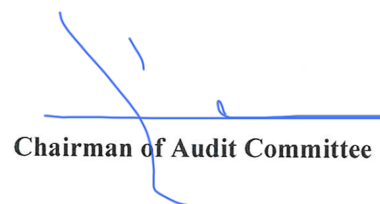
	Note	2026 (Unaudited) SR '000	2025 (Unaudited) SR '000
Revenue	13	194,570	248,930
Cost of revenue	14	(157,685)	(185,271)
Gross profit		36,885	63,659
Expenses			
Selling and marketing		(2,823)	(4,733)
General and administrative		(8,798)	(8,352)
Reversal of provision for inventory impairment	5	-	221
Total expenses		(11,621)	(12,864)
Profit from operations		25,264	50,795
Finance charges		(3,057)	(9,869)
Other (loss) income, net	15	(350)	746
Profit before zakat		21,857	41,672
Zakat	11	(1,742)	(1,498)
Net profit for the period		20,115	40,174
Total comprehensive income for the period		20,115	40,174
Earnings per share			
Basic and diluted earnings per share (SR)	16	0.10	0.20



Chief Financial Officer



Chief Executive Officer



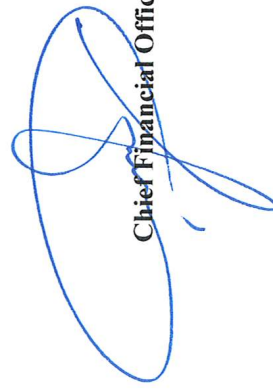
Chairman of Audit Committee

The accompanying notes from 1 to 22 form an integral part of these interim condensed financial statements

Arabian Pipes Company
(A Saudi Joint Stock Company)

Interim condensed statement of changes in shareholders' equity
For the three-month period ended 31 March 2026

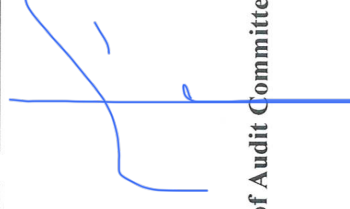
	Share capital SR '000	Proposed increase in capital SR '000	Reserve SR '000	Reserve for remeasurement of employees' end of service benefit SR '000	Retained earnings SR '000	Total SR '000
As at 1 January 2026 (Audited)	200,000	-	15,430	(4,159)	276,850	488,121
Net profit for the period	-	-	-	-	20,115	20,115
Total comprehensive income for the period	-	-	-	-	20,115	20,115
As at 31 March 2026 (Unaudited)	200,000	-	15,430	(4,159)	296,965	508,236
As at 1 January 2025 (Audited)	150,000	-	15,430	(2,991)	238,876	401,315
Net profit for the period	-	-	-	-	40,174	40,174
Total comprehensive income for the period	-	-	-	-	40,174	40,174
Transferred to proposed increase in capital	-	50,000	-	-	(50,000)	-
As at 31 March 2025 (Unaudited)	150,000	50,000	15,430	(2,991)	229,050	441,489


Chief Financial Officer

Chief Executive Officer



Chairman of Audit Committee



The accompanying notes from 1 to 22 form an integral part of these interim condensed financial statements

		For the three-month period ended 31 March	
		2026 (Unaudited) SR '000	2025 (Unaudited) SR '000
	Note		
OPERATING ACTIVITIES			
Profit before zakat		21,857	41,672
Adjustments for:			
Depreciation of property, plant, and equipment	4	8,661	9,029
Amortization of intangible assets		400	378
Depreciation of a right-of-use asset		451	442
Finance charges		3,057	9,869
Gain on disposal of property, plant and equipment	15	(71)	-
Reversal of provision for inventory impairment	5	-	(221)
Reversal of allowance for expected credit losses	6	-	(802)
Impairment of property, plant and equipment	4	3	222
Governmental grant		-	(180)
Employee end of service benefit		849	1,289
		<u>35,207</u>	<u>61,698</u>
Change in operating assets and liabilities			
Inventory		30,791	(3,396)
Trade receivables		(69,244)	(35,322)
Prepayments and other current assets		(4,319)	(3,350)
Contract assets		17,014	51,100
Trade payables		(14,559)	22,523
Accrued expenses and other current liabilities		15,362	15,373
Cash from operations		<u>10,252</u>	<u>108,624</u>
Finance charges paid		(1,973)	(11,549)
Employee end of service benefit paid		(195)	(278)
Net cash from operating activities		<u>8,084</u>	<u>96,798</u>
INVESTING ACTIVITIES			
Additions to property, plant, equipment	4	(1,964)	(4,415)
Additions to intangible assets		(227)	-
Proceeds from disposal of property, plant, equipment		71	-
Addition to short-term Islamic Murabaha		-	(85,000)
Net cash used in investing activities		<u>(2,120)</u>	<u>(89,415)</u>
FINANCING ACTIVITIES			
Bank facilities and long-term financing paid	9	(106,639)	(218,270)
Bank facilities and long-term financing proceeds	9	151,385	174,280
Net cash from (used in) financing activities		<u>44,746</u>	<u>(43,990)</u>
Net change in cash and cash equivalents		<u>50,710</u>	<u>(36,608)</u>
Cash and cash equivalent at the beginning of the period		15,417	99,403
Cash and cash equivalents at end of the period		<u>66,127</u>	<u>62,795</u>
Significant non-cash transaction			
Transfer from retained earnings to proposed increase in capital		-	50,000

Chief Financial Officer

Chief Executive Officer

Chairman of Audit Committee

The accompanying notes from 1 to 22 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 31 March 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 Significant 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 31 March 2026 reporting period and have not been early adopted by the Company. Management is in the process of assessing the impact, if any, these pronouncements may have in future reporting periods.

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 1 January 2026 (audited)	5,676	91,580	761,074	2,969	2,449	2,513	7,567	873,828
Additions	-	-	716	-	73	34	1,141	1,964
Transferred from capital work in progress	-	-	947	-	-	-	(947)	-
Disposal	-	-	-	(1,286)	-	-	-	(1,286)
At 31 March 2026 (unaudited)	<u>5,676</u>	<u>91,580</u>	<u>762,737</u>	<u>1,683</u>	<u>2,522</u>	<u>2,547</u>	<u>7,761</u>	<u>874,506</u>
Accumulated depreciation								
At 1 January 2026 (audited)	-	57,240	553,214	2,090	1,411	1,814	-	615,769
Charged for the period	-	890	7,583	57	77	54	-	8,661
Impairment	-	-	3	-	-	-	-	3
Disposal	-	-	-	(1,286)	-	-	-	(1,286)
At 31 March 2026 (unaudited)	<u>-</u>	<u>58,130</u>	<u>560,800</u>	<u>861</u>	<u>1,488</u>	<u>1,868</u>	<u>-</u>	<u>623,147</u>
Net book value								
At 31 March 2026 (unaudited)	<u>5,676</u>	<u>33,450</u>	<u>201,937</u>	<u>822</u>	<u>1,034</u>	<u>679</u>	<u>7,761</u>	<u>251,359</u>

- 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 3.2 million and machinery and equipment with a carrying value of SAR 4.5 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 1 January 2025	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	<u>5,676</u>	<u>91,580</u>	<u>761,074</u>	<u>2,969</u>	<u>2,449</u>	<u>2,513</u>	<u>7,567</u>	873,828
Accumulated Depreciation:								
At 1 January 2025	-	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	<u>-</u>	<u>57,240</u>	<u>553,214</u>	<u>2,090</u>	<u>1,411</u>	<u>1,814</u>	<u>-</u>	615,769
Net book value:								
At 31 December 2025	<u>5,676</u>	<u>34,340</u>	<u>207,860</u>	<u>879</u>	<u>1,038</u>	<u>699</u>	<u>7,567</u>	<u>258,059</u>

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

	For the three-month period ended	
	2026 (unaudited) SR '000	2025 (unaudited) SR '000
Cost of revenue	<u>8,240</u>	<u>8,625</u>
General and administrative expenses	<u>414</u>	<u>398</u>
Selling and marketing expenses	<u>7</u>	<u>6</u>
	<u>8,661</u>	<u>9,029</u>

5- INVENTORY

	31 March 2026 (Unaudited) SR '000	31 December 2025 (Audited) SR '000
Raw materials	104,335	58,112
Finished goods	41,733	43,304
Consumable materials	40,802	41,993
Goods in transit	13,734	83,931
Work in progress	5,764	8,570
Scrap inventory	475	1,724
	206,843	237,634
Less: provision for inventory impairment (note 5.1)	(35,881)	(35,881)
	170,962	201,753

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

	For the three-month period ended 31 March 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
Charged during the period / year	-	632
At the end of the period / year	35,881	35,881

6 -TRADE RECEIVABLES

	31 March 2026 (Unaudited) SR '000	31 December 2025 (Audited) SR '000
Trade receivables	110,787	41,543
Provision for expected credit losses (note 6.1)	(2,061)	(2,061)
	108,726	39,482

6-1 Movement of provision for expected credit losses

	For the three-month period ended 31 March 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 94 million has been collected from trade receivables outstanding as at 31 March 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
31 March 2026					
(Unaudited)	110,787	109,427	-	-	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 18.23 million of contract asset balances were billed subsequent to the interim condensed statement of financial position date. All contract asset balances as at 31 March 2025 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 three-month period ended 31 March 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	129,758	443,882
Invoices issued during the period/ year	(146,772)	(416,458)
At the end of the period/ year	138,910	155,924

8 -SHARE CAPITAL, DIVIDENDS AND RESERVE

SHARE CAPITAL

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).

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 AH (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 has been able to update the commercial registration to reflect the new capital amount and is in the process of updating its by-laws.

8 -SHARE CAPITAL, DIVIDENDS AND RESERVE (continued)

Increasing the capital from SR 200 million to SR 252 million

The Board of Directors recommended on 2 of Ramadan 1447H (corresponding to 19 February 2026) to increase the company's capital from SR 200 million to SR 252 million by capitalizing a portion of retained earnings by issuing 52 million new ordinary shares. This recommendation is subject to the approval of the regulatory authorities and the Extraordinary General Assembly.

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

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. This recommendation is subject to the approval of General Assembly.

9 - BANK FACILITIES AND FINANCING

- The Company obtained short-term bank facilities and financing from several local banks, with the balance of bank facilities as at 31 March 2026, amounting to SR 151 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 31 March 2026.

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

	31 March 2026 (Unaudited) SR '000	31 December 2025 (Audited) SR '000
At the beginning of the period/ year	106,639	335,932
Bank facilities and financing proceeds	151,385	616,634
Bank facilities and financing paid	(106,639)	(845,927)
At the end of the period/ year	151,385	106,639

10 -ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	31 March 2026 (Unaudited) SR '000	31 December 2025 (Audited) SR '000
Accrued expenses	14,302	13,984
VAT Payable	10,508	-
Contract liabilities	14,194	10,415
Other liabilities	5,305	3,797
	44,309	28,196

11 – ZAKAT

The zakat charge for the period ended 31 March 2026 amounted to SR 1.7 million (period ended 31 March 2025: SR 1.5 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".

11-1 Zakat provision movement

	For the three-month period ended 31 March 2026 (Unaudited) SR '000	For the year ended 31 December 2025 (Audited) SR '000
At the beginning of the period/year	<u>10,889</u>	<u>8,994</u>
Charged during the period/year	1,742	6,953
Payments during the period/year	-	(5,058)
At the end of the period/year	<u><u>12,631</u></u>	<u><u>10,889</u></u>

11-2 Zakat assessments

The Company has submitted its zakat returns to the Zakat, Tax and Customs Authority ("the ZATCA") for all years up to 2024 and has paid the zakat due accordingly, receiving the zakat certificates. The zakat assessments for all years up to 2018 have been concluded with the ZATCA.

During March 2024, the Company received Zakat assessments for the years 2019 and 2020 from the ZATCA, claiming additional amounts totaling SR 5.63 million. The Company paid SR 1.67 million, representing the portion of the additional assessment that was not subject to objection. The Company submitted an objection to the ZATCA regarding the remaining amount of SR 3.96 million and recognized a provision for the full amount. In August 2024, the ZATCA issued a decision rejecting the objection in full. The Company subsequently filed an appeal with the General Secretariat of the Zakat, Tax and Customs Committees. No decision has been issued by the Committees as of the date of issuance of these financial statements.

The Company is not aware of any other disputes with the ZATCA, and the Company has not received zakat assessments after that.

12- 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:

12- RELATED PARTIES TRANSACTIONS AND THEIR BALANCES (continued)

Related parties	Nature of the transaction	For the three-month period ended 31 March	
		2026 (Unaudited) SR '000	2025 (Unaudited) SR '000
Senior executives	Short-term salaries and bonuses	1,843	1,774
	Employees defined benefit liabilities	254	687
Members of the Board of Directors and other committees	Bonuses and allowances	502	474
		2,599	2,935

13- REVENUE

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

	For the three-month period ended 31 March	
	2026 (Unaudited) SR '000	2025 (Unaudited) SR '000
Revenues from steel pipes manufacturing and packaging activities	191,216	246,419
Other revenues	3,354	2,511
	194,570	248,930

13.2 Timing of revenue recognition:

	For the three-month period ended 31 March	
	2026 (Unaudited) SR '000	2025 (Unaudited) SR '000
Revenue recognized over a period of time	129,758	122,207
Revenue recognized at a point in time	64,812	126,723
	194,570	248,930

13.3 Geographic markets:

	For the three-month period ended 31 March	
	2026 (Unaudited) SR '000	2025 (Unaudited) SR '000
Inside the Kingdom of Saudi Arabia	194,347	248,189
Outside the Kingdom of Saudi Arabia	223	741
	194,570	248,930

13 -REVENUE (continued)

13.4 Revenue by customer type:

	For the three-month period ended 31 March	
	2026 (Unaudited) SR '000	2025 (Unaudited) SR '000
Semi-governmental customers	133,112	124,718
Private sector customers	61,458	124,212
	<u>194,570</u>	<u>248,930</u>

13.5 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 three-month period ended 31 March	
	2026 (Unaudited) SR '000	2025 (Unaudited) SR '000
Revenues from steel pipes manufacturing and packaging activities (ongoing projects)	639,361	769,924
	<u>639,361</u>	<u>769,924</u>

Management anticipates that all performance obligations related to unsatisfied contracts for steel pipe manufacturing and packaging activities as of 31 March 2026 to be completed within the year 2026 (31 March 2025: during the yeas 2025).

14 -COSTS OF REVENUE

	For the three-month period ended 31 March	
	2026 (Unaudited) SR '000	2025 (Unaudited) SR '000
Raw materials	133,630	154,941
Salaries, wages and related benefits	12,903	16,033
Depreciation of property, plant and equipment	8,240	8,625
Utilities	992	1,381
Maintenance Expenses	932	3,280
Depreciation of right to use assets	428	402
Impairment of property, plant and equipment	3	222
Others	557	387
	<u>157,685</u>	<u>185,271</u>

15 – OTHER (LOSS) INCOME, NET

	For the three-month period ended 31 March	
	2026	2025
	(Unaudited) SR ‘000	(Unaudited) SR ‘000
Financing income from short-term Islamic Murabaha	172	1,155
Gain on disposal of property, plant and equipment	71	-
Financing revenues from Governmental grants	-	180
Currency Exchange losses	(593)	(589)
	(350)	746

16 -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 three-month period ended 31 March	
	2026	2025
	(Unaudited)	(Unaudited)
Profit for the period attributable to shareholders (SR ‘000)	20,115	40,174
Weighted average number of shares (‘000)	200,000	200,000
Basic and diluted earnings per share (SR)	0.10	0.20

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 31 March 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’.

17 -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).

18 -COMMITMENTS AND CONTINGENCIES

Contingent Liabilities

As at 31 March 2026, the Company has outstanding letters of credit amounting to SR 76.95 million (31 December 2025: SR 102.3 million).

Bank Guarantees

The Company's banks have issued bank guarantees with a maximum limit of SR 29.1 million (31 December 2025: SR 73.17 million).

Capital commitments

As at 31 March 2026, the company had capital commitment of SR 6.7 million (31 December 2025: SR 958 thousand).

19- 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. Financial liabilities include bank facilities and term financing, 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 and term financing, 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.

During the period ended 31 March 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.

20- INTERIM RESULTS

The results of operations for the three-month period ended 31 March 2026 are not necessarily indicative of the annual results of the Company's operations.

21 -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 and 7.

22- APPROVALS OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements were approved by the board of directors on 11 Dhu al-Qi'dah 1447 H (corresponding to 28 April 2026).