



حديد وطني  
WATANI STEEL

**WATANI IRON STEEL COMPANY**  
**(A Saudi Joint Stock Company)**  
**Interim Condensed Financial Statements**  
**For the three-month period ended 31 March 2026**  
**And the Independent Auditor's Review Report**

**WATANI IRON STEEL COMPANY**  
(A Saudi Joint Stock Company)  
**Condensed Interim Financial Statements**  
For the Three-Month Period Ended 31 March 2026

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## Independent Auditor's Review Report on the Interim Condensed Financial Statements (1/1)

To the Shareholders of Watani Iron Steel Company  
(A Saudi Joint Stock Company)  
Riyadh, Kingdom of Saudi Arabia

### INTRODUCTION

We have reviewed the accompanying interim statement of financial position of Watani Iron Steel Company (the "Company") as at 31 March 2026, and the related interim statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the three-month period then ended, and other explanatory notes. Management is responsible for the preparation and fair presentation of these condensed interim financial statements in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia, and our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

### SCOPE OF REVIEW

We conducted our review in accordance with the International Standard on Review Engagements (ISRE) 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 interim financial information 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.

### OTHER MATTER

The condensed interim financial statements of the Company for the three-month period ended 31 March 2025 were reviewed by another auditor, who expressed an unmodified conclusion thereon dated 23 Dhul-Qa'dah 1446H (corresponding to 21 May 2025). Furthermore, the financial statements of the Company for the year ended 31 December 2025 were audited by another auditor in accordance with International Standards on Auditing as endorsed in the Kingdom of Saudi Arabia, who expressed an unqualified opinion thereon dated 23 Ramadan 1447H (corresponding to 12 March 2026).

### CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements as at 31 March 2026 are not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia.

For Sultan Ahmed Alshubaily  
Certified Public Accountant Company  
Riyadh, Kingdom of Saudi Arabia



Sultan Bin Ahmed Alshubaily  
Certified Public Accountant – License No. 600

Date: 26 Dhu al-Qa'dah 1447H  
Corresponding to: 13 May 2026

**WATANI IRON STEEL COMPANY**

(A Saudi Joint Stock Company)

**Interim Statement of Financial Position**

As at 31 March 2026

(All amounts are expressed in Saudi Riyals unless otherwise stated)

	Note	31 March 2026 (Unaudited)	31 December 2025 (Audited)
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Property, plant and equipment, net	5	246,600,163	249,562,811
Intangible assets	6	25,944,262	25,944,262
<b>Total Non-current Assets</b>		<b>272,544,425</b>	<b>275,507,073</b>
<b>Current Assets</b>			
Inventory	8	81,940,829	71,318,674
Trade receivables	9	15,588,375	4,962,182
Prepayments and other current assets	10	3,944,387	3,883,991
Cash and cash equivalents	11	10,442,389	18,895,422
<b>Total Current Assets</b>		<b>111,915,980</b>	<b>99,060,269</b>
<b>Total Assets</b>		<b>384,460,405</b>	<b>374,567,342</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	12	181,650,000	181,650,000
Statutory reserve		18,235,056	18,235,056
Re-measurement reserve of employee benefits		(407,290)	(407,290)
Retained earnings		39,045,403	36,670,333
<b>Total Equity</b>		<b>238,523,169</b>	<b>236,148,099</b>
<b>LIABILITIES</b>			
<b>Non-current Liabilities</b>			
Employees defined benefits obligation		10,650,013	9,899,268
<b>Total Non-current Liabilities</b>		<b>10,650,013</b>	<b>9,899,268</b>
<b>Current Liabilities</b>			
Short-term loans	13	91,088,284	71,146,092
Trade payables		36,921,658	47,702,286
Accrued expense and other current liabilities	14	7,262,089	9,671,597
Provision for zakat	16	15,192	-
<b>Total Current Liabilities</b>		<b>135,287,223</b>	<b>128,519,975</b>
<b>Total Liabilities</b>		<b>145,937,236</b>	<b>138,419,243</b>
<b>Total Equity and Liabilities</b>		<b>384,460,405</b>	<b>374,567,342</b>



Chief Financial Officer  
Mohamed Hamdy Ahmed



Chief Executive Officer  
Youssef Mohamed Al-Turaif



Chairman of Board of Directors  
Meshal Abdulkarim Al-Rajhi

The accompanying notes (1) to (26) form an integral part of these condensed interim financial statements.

**WATANI IRON STEEL COMPANY**

(A Saudi Joint Stock Company)

**Interim Statement of Profit or Loss and Other Comprehensive Income**

For the Three-Month Period Ended 31 March 2026

(All amounts are expressed in Saudi Riyals unless otherwise stated)

	Note	For the three-month period ended 31 March	
		2026 (Unaudited)	2025 (Unaudited)
Revenues	17	119,884,847	119,470,437
Cost of revenue	18	(111,825,218)	(110,959,314)
<b>Gross profit</b>		<b>8,059,629</b>	<b>8,511,123</b>
Selling and marketing expenses		(972,127)	(493,609)
General and administrative expenses		(4,061,914)	(3,868,136)
<b>Operating profit</b>		<b>3,025,588</b>	<b>4,149,378</b>
Finance cost	13	(1,612,303)	(1,365,059)
Other income	19	976,977	202,747
<b>Net profit for the period before zakat</b>		<b>2,390,262</b>	<b>2,987,066</b>
Zakat	16	(15,192)	(114,041)
<b>Net profit for the period after zakat</b>		<b>2,375,070</b>	<b>2,873,025</b>
<b>Other Comprehensive Income Items:</b>			
<b>Items that will not be reclassified subsequently to the statement of profit or loss</b>			
Other comprehensive income for the period		-	-
<b>Total comprehensive income for the period</b>		<b>2,375,070</b>	<b>2,873,025</b>
<b>Earnings per Share:</b>			
<b>Basic and diluted earnings per share from net profit for the period</b>	21	<b>0.01</b>	<b>0.02</b>



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**WATANI IRON STEEL COMPANY**

(A Saudi Joint Stock Company)

**Interim Statement of Changes in Equity**

For the Three-Month Period Ended 31 March 2026

(All amounts are expressed in Saudi Riyals unless otherwise stated)

	Share Capital	Statutory Reserve	Re-measurement Reserve of Employee Benefits	Retained Earnings	Total
<b>For the three-month period ended 31 March 2025</b>					
Balance at 1 January 2025 (Audited)	181,650,000	18,235,056	(67,504)	51,538,221	251,355,773
Net profit for the period	-	-	-	2,873,025	2,873,025
Other comprehensive income for the period	-	-	-	-	-
<b>Balance at 31 March 2025 (Unaudited)</b>	<b>181,650,000</b>	<b>18,235,056</b>	<b>(67,504)</b>	<b>54,411,246</b>	<b>254,228,798</b>
<b>For the three-month period ended 31 March 2026</b>					
Balance at 1 January 2026 (Audited)	181,650,000	18,235,056	(407,290)	36,670,333	236,148,099
Net profit for the period	-	-	-	2,375,070	2,375,070
Other comprehensive income for the period	-	-	-	-	-
<b>Balance at 31 March 2026 (Unaudited)</b>	<b>181,650,000</b>	<b>18,235,056</b>	<b>(407,290)</b>	<b>39,045,403</b>	<b>238,523,169</b>



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**WATANI IRON STEEL COMPANY**

(A Saudi Joint Stock Company)

**Interim Statement of Cash Flows**

For the Three-Month Period Ended 31 March 2026

(All amounts are expressed in Saudi Riyals unless otherwise stated)

	Note	For the three-month period ended 31 March	
		2026 (Unaudited)	2025 (Unaudited)
<b>Cash flows from operating activities</b>			
Net profit for the period before zakat		2,390,262	2,987,066
<b>Adjustments for:</b>			
Depreciation of property, plant and equipment	5	2,967,638	5,256,971
Provision for inventory impairment		-	1,425,000
Employees defined benefits obligation charged		754,794	366,132
Finance cost	13	1,612,303	1,365,059
		<u>7,724,997</u>	<u>11,400,228</u>
<b>Changes in Working Capital:</b>			
Inventory		(10,622,155)	9,599,293
Trade receivables		(10,626,193)	(2,977,751)
Prepayments and other current assets		(60,396)	(1,959,571)
Trade payables		(10,780,628)	(19,811,935)
Accrued expense and other current liabilities		(2,409,508)	(2,419,941)
<b>Cash used in operating activities</b>		<u>(26,773,883)</u>	<u>(6,169,677)</u>
Payments of employees defined benefits obligation		(4,049)	-
Payments of interests and loan charges	13	(1,670,111)	(1,361,562)
<b>Net cash used in operating activities</b>		<u>(28,448,043)</u>	<u>(7,531,239)</u>
<b>Cash flows from investing activities</b>			
Additions to property, plant and equipment	5	(4,990)	(743,764)
Additions to projects under construction		-	(237,695)
<b>Net cash used in investing activities</b>		<u>(4,990)</u>	<u>(981,459)</u>
<b>Cash flows from financing activities</b>			
Proceeds from short-term loans	13	79,000,000	58,000,000
Repayment of short-term loans principal	13	(59,000,000)	(53,000,000)
<b>Net cash generated from financing activities</b>		<u>20,000,000</u>	<u>5,000,000</u>
<b>Net change in cash and cash equivalent</b>		<u>(8,453,033)</u>	<u>(3,512,698)</u>
Cash and cash equivalent at the beginning of the period		18,895,422	12,058,909
<b>Cash and cash equivalent at the end of the period</b>		<u>10,442,389</u>	<u>8,546,211</u>



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The accompanying notes (1) to (26) form an integral part of these condensed interim financial statements.

## **WATANI IRON STEEL COMPANY**

(A Saudi Joint Stock Company)

### **Notes to the Interim Condensed Financial Statements**

For the three-month period ended 31 March 2026

(All amounts are expressed in Saudi Riyals unless otherwise stated)

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#### **1- LEGAL STATUS AND ACTIVITY**

Watani Iron Steel Company is a Saudi listed joint stock company. The Company commenced its commercial operations as a limited liability company on 23/8/1429H (corresponding to 24/8/2008), in accordance with the Companies Law in the Kingdom of Saudi Arabia, under unified national number 7001657688 and Commercial Registration No. 1010255409 issued in Riyadh.

The Company also operates under an industrial license issued by the Ministry of Industry and Mineral Resources under decision No. (451110133264), renewed on 25/6/1445H (corresponding to 7/1/2024). The Company's activities consist of manufacturing primary iron products in the form of ingots produced from re-melting scrap materials, manufacturing sheets, plates, strip coils, bars, rods, angles, wires, and sections of all forms. The Company's activities, as stated in its Articles of Association, include carrying out and engaging in manufacturing industries.

On 11/7/1444H (corresponding to 2 February 2023), the Company amended its Articles of Association and changed its legal form to a listed Saudi joint stock company instead of a closed joint stock company.

On 17/11/1444H (corresponding to 6 June 2023), the Extraordinary General Assembly approved an increase in the Company's share capital to SAR 181,650,000, divided into 18,165,000 shares, through the capitalization of SAR 60,550,000 from retained earnings by granting one share for every two shares held.

On 23/3/1445H (corresponding to 8 October 2023), the Extraordinary General Assembly approved a stock split of the nominal value of the Company's shares, whereby the nominal value per share became SAR 1 after the adjustment.

As at the date of the accompanying condensed interim financial statements, the Company's share capital amounted to SAR 181,650,000, divided into 181,650,000 ordinary shares with a nominal value of SAR 1 per share.

The Company's head office is located in Heet District, Old Al-Kharj Road, P.O. Box 355355, Riyadh 11383, Kingdom of Saudi Arabia.

The condensed interim financial statements include the accounts of the Company and the following branch:

<u>Branch</u>	<u>CR No.</u>	<u>CR Date.</u>	<u>City</u>
Watani Iron Steel Company	1010909080	16 Muharram 1445H	Riyadh

#### **2- BASIS OF PREPARATION**

##### **2-1 Statement of Compliance**

These condensed interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting", as endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements approved by the Saudi Organization for Chartered and Professional Accountants (SOCPA) and it should be read in conjunction with the Company's latest annual financial statements for the year ended 31 December 2025.

These condensed interim financial statements do not include all information and disclosures required for a complete set of financial statements; however, selected accounting policies and explanatory notes have been included to explain significant events and transactions necessary for understanding the changes in the Company's financial position and performance since 31 December 2025.

##### **2-2 Basis of Measurement**

These condensed interim financial statements have been prepared under the historical cost basis, except for employee end-of-service benefits, which are recognized at the present value of future obligations using the projected unit credit method.

##### **2-3 Functional and Presentation Currency**

The condensed interim financial statements are presented in Saudi Riyals (SAR), which is both the Company's functional and presentation currency.

## **WATANI IRON STEEL COMPANY**

(A Saudi Joint Stock Company)

### **Notes to the Interim Condensed Financial Statements**

For the three-month period ended 31 March 2026

(All amounts are expressed in Saudi Riyals unless otherwise stated)

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## **2- BASIS OF PREPARATION (CONTINUED)**

### **2-4 Going Concern**

As at 31 March 2026, the Company's current liabilities exceeded its current assets by SAR 23,371,243 (31 December 2025: SAR 29,459,706), Despite this working capital deficit, the Company reported a net profit for the three-month period ended 31 March 2026 of SAR 2,375,070 (31 March 2025: SAR 2,873,025), and the management believes that it will be able to obtain new financing facilities if required. Accordingly, these condensed interim financial statements have been prepared on a going concern basis, and loans continue to be classified in accordance with their original repayment terms.

## **3- USE OF JUDGMENTS AND ESTIMATES**

In preparing these condensed interim financial statements, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The significant estimates made by management in the applying the Company's accounting policies and the key sources of estimation uncertainty are consistent with those disclosed in the latest annual financial statements.

## **4- SIGNIFICANT ACCOUNTING POLICIES**

### **4-1 New Standards, Amendments to Standards, and Interpretations**

New standards and a number of amendments to standards effective from 1 January 2026 have been disclosed in the Company's annual financial statements. However, they do not have a material impact on the Company's condensed interim financial statements.

**WATANI IRON STEEL COMPANY**

(A Saudi Joint Stock Company)

**Notes to the Interim Condensed Financial Statements**

For the three-month period ended 31 March 2026

(All amounts are expressed in Saudi Riyals unless otherwise stated)

**5-PROPERTY, PLANT AND EQUIPMENT, NET**

	<u>Land</u>	<u>Buildings &amp; Structures</u>	<u>Plant &amp; Equipment</u>	<u>Computers</u>	<u>Vehicles</u>	<u>Tools &amp; Equipment</u>	<u>Furniture &amp; Fixtures</u>	<u>Total</u>
<b><u>Cost</u></b>								
Balance as at 1 January 2026 (Audited)	17,434,558	52,066,651	361,142,279	1,582,532	2,759,028	817,012	2,014,541	437,816,601
Additions during the period	-	-	-	-	-	3,950	1,040	4,990
Balance as at 31 March 2026 (Unaudited)	17,434,558	52,066,651	361,142,279	1,582,532	2,759,028	820,962	2,015,581	437,821,591
<b><u>Accumulated Depreciation</u></b>								
Balance as at 1 January 2026 (Audited)	-	17,204,216	165,124,203	1,425,611	2,027,867	680,723	1,791,170	188,253,790
Charged for the period	-	292,978	2,572,944	15,045	52,361	11,886	22,424	2,967,638
Balance as at 31 March 2026 (Unaudited)	-	17,497,194	167,697,147	1,440,656	2,080,228	692,609	1,813,594	191,221,428
<b><u>Net Book Value</u></b>								
As at 31 March 2026 (Unaudited)	17,434,558	34,569,457	193,445,132	141,876	678,800	128,353	201,987	246,600,163

**WATANI IRON STEEL COMPANY**

(A Saudi Joint Stock Company)

**Notes to the Interim Condensed Financial Statements**

For the three-month period ended 31 March 2026

(All amounts are expressed in Saudi Riyals unless otherwise stated)

**5-PROPERTY, PLANT AND EQUIPMENT, NET (CONTINUED)**

	<u>Land</u>	<u>Buildings &amp; Structures</u>	<u>Plant &amp; Equipment</u>	<u>Computers</u>	<u>Vehicles</u>	<u>Tools &amp; Equipment</u>	<u>Furniture &amp; Fixtures</u>	<u>Total</u>
<b><u>Cost</u></b>								
Balance as at 1 January 2025 (Audited)	17,434,558	44,871,926	359,486,909	1,453,056	2,112,514	742,601	1,877,857	427,979,421
Additions during the year	-	-	2,023,450	129,476	646,514	74,411	136,684	3,010,535
Transferred from projects under construction	-	7,194,725	-	-	-	-	-	7,194,725
Disposals during the year	-	-	(368,080)	-	-	-	-	(368,080)
Balance as at 31 December 2025 (Audited)	<u>17,434,558</u>	<u>52,066,651</u>	<u>361,142,279</u>	<u>1,582,532</u>	<u>2,759,028</u>	<u>817,012</u>	<u>2,014,541</u>	<u>437,816,601</u>
<b><u>Accumulated Depreciation</u></b>								
Balance as at 1 January 2025 (Audited)	-	15,510,321	151,159,967	1,378,295	1,740,714	611,658	1,678,298	172,079,253
Charged for the year	-	1,693,895	14,332,314	47,316	287,153	69,065	112,872	16,542,615
Disposals during the year	-	-	(368,078)	-	-	-	-	(368,078)
Balance as at 31 December 2025 (Audited)	<u>-</u>	<u>17,204,216</u>	<u>165,124,203</u>	<u>1,425,611</u>	<u>2,027,867</u>	<u>680,723</u>	<u>1,791,170</u>	<u>188,253,790</u>
<b><u>Net Book Value</u></b>								
<b>As at 31 December 2025 (Audited)</b>	<u>17,434,558</u>	<u>34,862,435</u>	<u>196,018,076</u>	<u>156,921</u>	<u>731,161</u>	<u>136,289</u>	<u>223,371</u>	<u>249,562,811</u>

## WATANI IRON STEEL COMPANY

(A Saudi Joint Stock Company)

### Notes to the Interim Condensed Financial Statements

For the three-month period ended 31 March 2026

(All amounts are expressed in Saudi Riyals unless otherwise stated)

#### 5- PROPERTY, PLANT AND EQUIPMENT, NET (CONTINUED)

The Company periodically reviews depreciation methods, useful lives, and residual values of property, plant, and equipment. During the second half of 2025, the Company performed a study of the useful lives, residual values, and expected economic benefits of the main classes of property, plant, and equipment, with the assistance of an independent expert. Based on the study results, the maximum estimated useful life of the buildings and structures category was revised to extend up to 45 years, depending on the sub-classification of each asset within this category. In addition, the maximum estimated useful life of the plant and equipment category was revised to extend up to 45 years, depending on the sub-classification of each asset. As a result, depreciation expense for the current period decreased by SAR 2,405,407 compared to SAR 4,810,814 for the year 2025.

The estimated useful lives of these assets were revised as follows:

<u>Asset category</u>	<u>Years</u>
Buildings and structures	30 to 45
Plant and equipment	15 to 45
Computers	4
Vehicles	4
Tools and equipment	5 to 7
Furniture and fixtures	4 to 7

#### 6- INTANGIBLE ASSETS

	<u>31 March 2026</u> <u>(Unaudited)</u>	<u>31 December 2025</u> <u>(Audited)</u>
Electrical service connection station*	25,908,637	25,908,637
Engineering design software	35,625	35,625
	<u>25,944,262</u>	<u>25,944,262</u>

\*Intangible assets include the electrical service connection station, for which the Company entered into an agreement with the Saudi Electricity Company dated 12 Dhu al-Qi'dah 1431H, corresponding to 20 October 2010, for the provision of electrical service to supply the Watani Iron Steel Company's factory throughout the operating life of the plant. The intangible assets do not have a finite useful life; therefore, the Company performs an annual impairment test to ensure that there is no indication of impairment. The assessment resulted in no evidence of impairment in intangible assets as at 31 December 2025.

#### 7- PROJECTS UNDER CONSTRUCTION

During 2025, the Company incurred additions to projects under construction amounting to SAR 313,500, representing a new branch of the Company's main commercial registry in Riyadh, Al-Masfah District, to carry out new commercial activities including wholesale and retail trading of wood, cork, plastic products, and metallic and iron blocks.

During the second quarter of 2025, the projects under construction were completed and the related construction costs were capitalized under property, plant and equipment (buildings and structures) amounting to SAR 7,194,725.

	<u>31 March 2026</u> <u>(Unaudited)</u>	<u>31 December 2025</u> <u>(Audited)</u>
Construction and industrial supplies	-	3,979,457
Construction and industrial works	-	2,504,333
Public safety systems	-	710,935
Transferred to property, plant and equipment (Note 5)	-	(7,194,725)
	<u>-</u>	<u>-</u>

**WATANI IRON STEEL COMPANY**

(A Saudi Joint Stock Company)

**Notes to the Interim Condensed Financial Statements**

For the three-month period ended 31 March 2026

(All amounts are expressed in Saudi Riyals unless otherwise stated)

**7- PROJECTS UNDER CONSTRUCTION (CONTINUED)**

The movement in projects under construction was as follows:

	<b>31 March 2026</b> <b>(Unaudited)</b>	31 December 2025 <b>(Audited)</b>
Balance at beginning of the period / year	-	6,881,225
Additions during the period / year	-	313,500
Transferred to property, plant and equipment (Note 5)	-	(7,194,725)
	<u>-</u>	<u>-</u>

**8- INVENTORY**

	<b>31 March 2026</b> <b>(Unaudited)</b>	31 December 2025 <b>(Audited)</b>
Work in progress	<b>28,331,249</b>	12,197,690
Finished goods	<b>22,610,197</b>	25,623,075
Spare parts and supplies	<b>18,359,679</b>	17,704,533
Raw materials	<b>12,639,704</b>	15,793,376
	<u><b>81,940,829</b></u>	<u>71,318,674</u>

**9- TRADE RECEIVABLES**

	<b>31 March 2026</b> <b>(Unaudited)</b>	31 December 2025 <b>(Audited)</b>
Trade receivables	<b>15,588,375</b>	4,962,182
Expected credit loss allowance	-	-
	<u><b>15,588,375</b></u>	<u>4,962,182</u>

Movement in expected credit loss allowance for trade receivables is as follows:

	<b>31 March 2026</b> <b>(Unaudited)</b>	31 December 2025 <b>(Audited)</b>
Balance at beginning of the period / year	-	1,340,325
Charged during the period / year	-	2,680,650
Used during the period / year*	-	(4,020,975)
	<u>-</u>	<u>-</u>

\* On 15 Ramadan 1447H (corresponding to 4 March 2026), the Board of Directors approved the write-off of trade receivables relating to customer "Green End Establishment" amounting to SAR 4,020,975.

**WATANI IRON STEEL COMPANY**

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**Notes to the Interim Condensed Financial Statements**

For the three-month period ended 31 March 2026

(All amounts are expressed in Saudi Riyals unless otherwise stated)

**10- PREPAYMENTS AND OTHER CURRENT ASSETS**

	<b>31 March 2026</b> <b>(Unaudited)</b>	31 December 2025 <b>(Audited)</b>
Advances to suppliers	2,513,701	673,270
Prepaid insurance	637,415	931,774
VAT receivable	323,572	1,752,104
Employee advances and petty cash	202,414	247,293
Prepaid rent	151,333	53,833
Prepayments	115,952	176,786
Others	-	48,931
	<b>3,944,387</b>	<b>3,883,991</b>

**11- CASH AND CASH EQUIVALENTS**

	<b>31 March 2026</b> <b>(Unaudited)</b>	31 December 2025 <b>(Audited)</b>
Cash at banks	10,442,389	18,810,038
Cash on hand	-	85,384
	<b>10,442,389</b>	<b>18,895,422</b>

**12- SHARE CAPITAL**

The Company's authorized and paid-up share capital amounted to SAR 181.65 million as at 31 March 2026 (2025: SAR 181.65 million), divided into 181.65 million shares (2025: 181.65 million shares) with a nominal value of SAR 1 per share.

**13- SHORT-TERM LOANS**

The Company has revolving credit facilities limits with local banks with totaling SAR 110.5 million. During the year, these facilities were utilized up to SAR 79 million, and the outstanding balance amounted to SAR 91.08 million as at 31 March 2026 (2025: SAR 71.15 million) with several local banks. These facilities include financing in the form of deferred sale financing, Musharaka, Murabaha, and tawarruq financing, as well as letters of credit facilities, letters of guarantee, and foreign currency purchase under Islamic Murabaha pricing arrangements agreed with the banks.

Some of these loans and credit facilities contain financial covenants. Breach of these covenants may result in renegotiation with lenders. These covenants are monitored regularly by management. In case of actual or potential breach, management takes appropriate actions to ensure compliance. There is a breach of certain financial covenants; however, it has no impact on the Company's financial statements as all borrowings are classified as current as at 31 March 2026.

The Company provides guarantees for these loans and credit facilities in the form of promissory notes totaling SAR 117.2 million. The movement in borrowings during the period/year is as follows:

	<b>31 March 2026</b> <b>(Unaudited)</b>	31 December 2025 <b>(Audited)</b>
Balance at beginning of the period / year	71,146,092	64,158,681
Proceeds during the period / year	79,000,000	242,000,000
Finance costs charged during the period / year	1,612,303	5,836,512
Repayment of principal during the period / year	(59,000,000)	(235,000,000)
Repayment of finance interests and expenses during the period / year	(1,670,111)	(5,849,101)
<b>Balance at the end of the period / year</b>	<b>91,088,284</b>	<b>71,146,092</b>

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**14- ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES**

	<b>31 March 2026</b> <b>(Unaudited)</b>	31 December 2025 <b>(Audited)</b>
Advances from customers	<b>2,602,005</b>	5,935,238
Board, committees and executive management remuneration	<b>2,155,250</b>	1,723,000
Employee benefits payable	<b>2,099,901</b>	1,801,197
Accrued wages and allowances	<b>242,977</b>	56,465
Social insurance	<b>161,349</b>	154,910
Others	<b>607</b>	787
	<b><u>7,262,089</u></b>	<u>9,671,597</u>

**15- RELATED PARTY TRANSACTIONS AND BALANCES****a) Related Parties:**

Related parties include major shareholders, members of the Board of Directors, key management personnel of the Company, and companies in which they hold significant interests or exercise control or significant influence.

**b) Key Management Personnel:**

Transactions with related parties consist of salaries, remuneration and allowances of Board members, committees, and executive management during the period between the Company and the Board of Directors, committees, and executive management.

Transactions with key management personnel are as follows:

	<b>For the three-month period</b> <b>ended 31 March 2026</b>		For the three-month period ended 31 March 2025	
	<b>Board &amp;</b> <b>Committees</b>	<b>Executive</b> <b>Management</b>	Board &	Executive
	<u>Committees</u>	<u>Management</u>	<u>Committees</u>	<u>Management</u>
Board, committees and executive management remuneration	<b>346,250</b>	<b>50,000</b>	346,250	50,000
Board and committee attendance allowances	<b>36,000</b>	-	30,000	-
Salaries, wages and equivalents	-	<b>728,586</b>	-	713,625
Employee end-of-service benefits	-	<b>166,328</b>	-	34,781
	<b><u>382,250</u></b>	<b><u>944,914</u></b>	<u>376,250</u>	<u>798,406</u>

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**16- PROVISION FOR ZAKAT**

On 19 Shaaban 1445H (corresponding to 29 February 2025), the Executive Regulations for Zakat Collection 1445H were issued under Ministerial Resolution No. (1007), which included significant amendments to the methodology for calculating Zakat which became effective for financial years beginning on or after 1 January 2025. Accordingly, the Zakat provision has been calculated in accordance with the new methodology prescribed in the regulations. The Company continues to monitor any updates related to the application of the regulations and will disclose any material impacts in accordance with regulatory requirements.

**a) Zakat Base:**

	<b>For the three-month period ended 31 March</b>	
	<b>2026 (Unaudited)</b>	<b>2025 (Unaudited)</b>
Additions	272,544,425	284,450,143
Deductions	<u>(272,544,425)</u>	<u>(266,507,287)</u>
Minimum Zakat Base	2,390,262	17,942,856
<b>Zakat Payable</b>	<b><u>15,192</u></b>	<b><u>114,041</u></b>

**b) Movement in Zakat Provision:**

	<b>31 March 2026 (Unaudited)</b>	<b>31 December 2025 (Audited)</b>
Balance at beginning of the period/year	-	261,828
Charged for the period/year	15,192	-
Adjustments arising from Zakat assessment (Note 16-c)	-	485
Zakat adjustments	-	(6,768)
Paid during the period/year	-	<u>(255,545)</u>
<b>Balance at end of the period/year</b>	<b><u>15,192</u></b>	<b><u>-</u></b>

**c) Zakat Status:**

The Company has submitted its Zakat declarations to the Zakat, Tax and Customs Authority (“ZATCA”) up to the year ended 31 December 2024. The Company obtained a valid Zakat certificate expiring on 13 Dhu Al-Qi’dah 1447H corresponding to 30 April 2026. The Company’s Zakat assessment for the year 2024 resulted in an additional liability of SAR 485, which has been settled. The Zakat return for the year ended 31 December 2025 is in the process of being submitted in the subsequent period. No other ongoing Zakat assessments are currently in progress.

**17- REVENUE**

	<b>Basis of recognition</b>	<b>For the three-month period ended 31 March</b>	
		<b>2026 (Unaudited)</b>	<b>2025 (Unaudited)</b>
Steel sales	At point in time	<u>119,884,847</u>	119,470,437
		<b><u>119,884,847</u></b>	<b><u>119,470,437</u></b>

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**18- COST OF REVENUE**

	<b>For the three-month period ended 31 March</b>	
	<b>2026 (Unaudited)</b>	<b>2025 (Unaudited)</b>
Consumable supplies	<b>88,868,018</b>	86,740,338
Energy costs	<b>11,249,695</b>	9,389,097
Salaries, wages and equivalents	<b>5,794,533</b>	5,009,516
Depreciation of property, plant and equipment	<b>2,953,940</b>	5,114,267
Maintenance, repairs and spare parts	<b>2,350,152</b>	2,811,349
Other manufacturing expenses	<b>608,880</b>	469,747
Provision for inventory write-down	-	1,425,000
	<b>111,825,218</b>	<b>110,959,314</b>

**19- OTHER INCOME**

	<b>For the three-month period ended 31 March</b>	
	<b>2026 (Unaudited)</b>	<b>2025 (Unaudited)</b>
Sales of waste	<b>976,977</b>	<b>202,747</b>
	<b>976,977</b>	<b>202,747</b>

**20- CAPITAL COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES****a) Capital Commitments**

As at 31 March 2026, the Company has capital commitments amounting to SAR 315,000, relating to the supply and installation of pollution control equipment and a monitoring system for the factory chimneys (31 December 2025: SAR 315,000).

**b) Contingent Asset**

As at 31 March 2026, the Company has a contingent asset amounting to SAR 2,784,508 (2025: SAR 2,784,508), representing the recovery of amounts paid for the acquisition of Salman J. Al-Jawhar Scrap Smelting Factory. This is based on a letter from the liquidator of Salman J. Al-Jawhar Scrap Smelting Factory, due to the inability to transfer ownership of the factory from Salman J. Al-Jawhar Scrap Smelting Factory to Watani Iron Steel Company.

**c) Contingent Liabilities**

The Company has no contingent liabilities as at 31 March 2026.

**21- BASIC AND DILUTED EARNINGS PER SHARE**

Diluted earnings per share is calculated by dividing the profit attributable to the shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, plus the weighted average number of ordinary shares that would be issued upon conversion of all dilutive potential ordinary shares.

Diluted earnings per share is equal to basic earnings per share, as the Company does not have any financial instruments with a dilutive effect.

	<b>For the three-month period ended 31 March</b>	
	<b>2026 (Unaudited)</b>	<b>2025 (Unaudited)</b>
Net profit attributable to ordinary shareholders	<b>2,375,070</b>	2,873,025
Weighted average number of ordinary shares issued	<b>181,650,000</b>	181,650,000
	<b>0.01</b>	0.02

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**22- SEGMENT REPORTING AND MAJOR CUSTOMERS**

The Company's principal activity is the manufacturing of reinforcing steel and primary iron products in the form of billets produced from recycled scrap. During the second half of 2025, the Company opened a new branch under its commercial registration to engage in new business activities, including wholesale and retail trading of wood, cork, plastic, and metal products.

Export revenue did not meet any of the quantitative thresholds specified under IFRS 8 – Operating Segments.

**a) Segment Information**

The Company's main operating segments are as follows:

<u>Segment</u>	<u>Principal Activity</u>
Factory Segment	Production of primary iron products including billets, plates, bars, and steel rebars
Commercial Segment	Wholesale and retail of metal, iron, wood, plastic, and cork products

	<u>Factory Segment</u>	<u>Commercial Segment</u>	<u>Total</u>
<b><u>For the three-month period ended 31 March 2026</u></b>			
<b>Revenue:</b>			
External customers	92,489,291	27,395,556	119,884,847
Intersegment	-	-	-
<b>Total revenue</b>	<b>92,489,291</b>	<b>27,395,556</b>	<b>119,884,847</b>
Cost of revenue	(86,641,893)	(25,183,325)	(111,825,218)
<b>Gross profit</b>	<b>5,847,398</b>	<b>2,212,231</b>	<b>8,059,629</b>
<b>Income (Expenses):</b>			
Finance costs	(1,243,867)	(368,436)	(1,612,303)
Other income	976,977	-	976,977
<b>Segment profit</b>	<b>5,580,508</b>	<b>1,843,795</b>	<b>7,424,303</b>
	<u>Manufacturing Segment</u>	<u>Trading Segment</u>	<u>Total</u>
<b><u>For the three-month period ended 31 March 2025</u></b>			
<b>Revenue:</b>			
External customers	119,470,437	-	119,470,437
Intersegment	-	-	-
<b>Total revenue</b>	<b>119,470,437</b>	<b>-</b>	<b>119,470,437</b>
Cost of revenue	(110,959,314)	-	(110,959,314)
<b>Gross profit</b>	<b>8,511,123</b>	<b>-</b>	<b>8,511,123</b>
<b>Income (Expenses):</b>			
Finance costs	(1,365,059)	-	(1,365,059)
Other income	202,747	-	202,747
<b>Segment profit</b>	<b>7,348,811</b>	<b>-</b>	<b>7,348,811</b>

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## 22- SEGMENT REPORTING AND MAJOR CUSTOMERS (CONTINUED)

### A. Segment Reporting (continued)

#### Reconciliation of profit

Reconciliation of the total of reportable segments' results to net profit before Zakat:

	For the three-month period ended 31 March	
	2026	2025
Net operating segment profit	7,424,303	7,348,811
Selling and marketing expenses	(972,127)	(493,609)
General and administrative expenses	(4,061,914)	(3,868,136)
<b>Net profit before Zakat</b>	<b>2,390,262</b>	<b>2,987,066</b>

### B. Major Customers

The Company's revenues include sales to customers, each of whom represents more than 10% of total revenue. As shown in the table below, revenues from these major customers are as follows:

Customer	For the three-month period ended 31 March 2026		For the three-month period ended 31 March 2025	
	Revenue Amount	Percentage of Total Revenue	Revenue Amount	Percentage of Total Revenue
A	18,835,260	15.7%	29,385,000	24.6%
B	14,616,300	12.1%	20,768,000	17.3%
C	499,200	0.4%	16,494,900	13.8%

All amounts due from these major customers have been collected during the period, except for an amount of 714,576 related to Customer (B). There are no other outstanding balances related to these customers included within trade receivables.

## 23- FAIR VALUE

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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#### 23- FAIR VALUE (CONTINUED)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy described below, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each financial reporting period.

The carrying amount of financial assets that are not measured at fair value approximate their fair values. Financial liabilities are measured at amortized cost, which reasonably approximates their fair values.

#### 24- COMPARATIVE FIGURES

The Company has reclassified certain comparative figures to conform with the current period's classifications as follows:

	<u>31 March 2025</u> <u>(Previously reported)</u>	<u>Reclassification</u> <u>impact</u>	<u>31 March 2025</u> <u>(Currently reported)</u>
Cost of revenue	109,534,314	1,425,000	110,959,314
Provision for inventory write-down expense	1,425,000	(1,425,000)	-

#### 25- SUBSEQUENT EVENTS

In management's opinion, there have been no significant subsequent events after 31 March 2026, and up to the date of approval of these condensed interim financial statements that may have a material impact on the condensed interim financial statements as at 31 March 2026.

#### 26- APPROVAL OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

The condensed interim financial statements for the period ended 31 March 2026 were approved by the Board of Directors on 20 Dhu al-Qa'dah 1447H (corresponding to 7 May 2026).