SAUDI VITRIFIED CLAY PIPES COMPANY

A SAUDI JOINT STOCK COMPANY

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

AND INDEPENDENT AUDITOR'S REVIEW REPORT

FOR THE THREE AND SIX-MONTH PERIODS ENDED JUNE 30, 2026

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INDEPENDENT AUDITOR'S REVIEW REPORT
ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the shareholders of
Saudi Vitrified Clay Pipes Company
A Saudi Joint Stock Company

INTRODUCTION

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

SCOPE OF REVIEW

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

CONCLUSION

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

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note (2) to the interim condensed consolidated financial statements, which indicates that the Group incurred a net loss of ⃁ 23,640,938 for the six-month period ended 30 June 2026 and, as of that date, the accumulated losses exceeded 50% of the Company's share capital. As of that date, the Group's current liabilities also exceeded its current assets by ⃁ 19,253,812. These events and conditions, along with other matters set forth in Note (2), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. The Group's ability to continue as a going concern is primarily dependent on its ability to successfully implement its business plans and generate sufficient cash flows to enable it to meet its obligations as they fall due, without significantly curtailing its operations, taking into consideration the various matters set out in the aforementioned note. Our conclusion is not modified in respect of this matter.

Alzoman, Alfahad & Alhajjaj Professional Services

Zaher Abdullah Alhajjaj
Certified Public Accountant
License No (562)

شركة الزومان والفهد والحجاج للاستشارات المهنية
CR 1010461402
Alzoman, Alfahad & Alhajjaj Professional Services

Riyadh, Saudi Arabia

Date: 4 Rabi' al-Awwal 1448H
Corresponding to: 17 August 2026

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SAUDI VITRIFIED CLAY PIPES COMPANY
A SAUDI JOINT STOCK COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2026
(ALL AMOUNTS IN SAUDI RIYALS ⃁ UNLESS OTHERWISE STATED)

	Note	**June 30, 2026 (unaudited)**	December 31, 2025 (audited)
Assets			
Non-Current Assets			
Property, plant and equipment	5	**34,778,456**	34,862,274
Capital Work-in-Progress	6	**38,098,514**	32,238,943
Intangible assets and goodwill		**5,361,088**	5,371,239
Right-of-use assets		**7,511,773**	8,153,963
Total Non-Current Assets		**85,749,831**	80,626,419
Current assets			
Inventories	7	**26,704,765**	27,309,092
Trade receivables	8	**22,259,388**	25,018,934
Prepayments and other assets	9	**6,432,156**	5,445,409
Cash and cash equivalents	10	**985,644**	14,229,893
Total Current Assets		**56,381,953**	72,003,328
TOTAL ASSETS		**142,131,784**	152,629,747
Equity and liabilities			
Equity			
Capital	1	**150,000,000**	150,000,000
Accumulated losses		**(104,571,259)**	(80,930,321)
Total equity		**45,428,741**	69,069,679
Liabilities			
Non-current liabilities			
Interest-bearing loans	11	**-**	16,000,000
Lease liabilities		**6,788,660**	6,757,334
Employees' defined benefit plan obligations		**12,217,803**	12,433,945
Deferred government grants		**2,060,815**	2,100,254
TOTAL NON-CURRENT LIABILITIES		**21,067,278**	37,291,533
Current liabilities			
Lease liabilities		**1,114,214**	1,108,651
Accrued expenses and other liabilities	13	**10,631,390**	6,901,548
Interest-bearing loans	11	**30,692,676**	16,379,182
Deferred government grants		**78,757**	78,757
Short-term Murabaha	12	**9,085,593**	8,619,716
Trade Payables		**20,545,772**	9,525,649
Contract liabilities with customers		**558,865**	928,183
Accrued Zakat	14	**2,928,498**	2,726,849
Total current liabilities		**75,635,765**	46,268,535
TOTAL LIABILITIES		**96,703,043**	83,560,068
Total equity and liabilities		**142,131,784**	152,629,747

Chief Financial Officer
Abdulkhaleq Abdullah Babiker Al-Hassan

Chief Executive Officer
Dr. Saad Saud Al-Sayyari

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

SAUDI VITRIFIED CLAY PIPES COMPANY

A SAUDI JOINT STOCK COMPANY

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE THREE AND SIX-MONTH PERIODS ENDED JUNE 30, 2026

(ALL AMOUNTS IN SAUDI RIYALS ⃁ UNLESS OTHERWISE STATED)

		For the three-month period ended June 30		**For the six-months period ended June 30**	
	Note	2026	**2025**	**2026**	2025
		(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Revenue from contracts with customers	15	**12,149,630**	14,754,722	**27,609,518**	27,849,282
Cost of sales		**(19,899,884)**	(19,197,948)	**(31,078,646)**	(33,309,185)
Gross loss		**(7,750,254)**	(4,443,226)	**(3,469,128)**	(5,459,903)
Selling and marketing expenses		**(2,567,429)**	(1,749,188)	**(4,947,718)**	(2,943,061)
General and administrative expenses	16	**(7,500,422)**	(4,803,244)	**(12,706,604)**	(10,515,932)
(Charge) reversal of expected credit losses	8	**(585,728)**	116,793	**(1,272,497)**	116,793
Total loss for the period from main operations		**(18,403,833)**	(10,878,865)	**(22,395,947)**	(18,802,103)
Financing costs		**(671,729)**	(660,829)	**(874,168)**	(1,208,640)
Other income		**114,165**	79,203	**279,735**	161,974
Net loss for the period before zakat		**(18,961,397)**	(11,460,491)	**(22,990,380)**	(19,848,769)
Zakat expense	14	**(325,558)**	-	**(650,558)**	(361,520)
Net loss for the period after zakat		**(19,286,955)**	(11,460,491)	**(23,640,938)**	(20,210,289)
Total comprehensive loss for the period		**(19,286,955)**	(11,460,491)	**(23,640,938)**	(20,210,289)
Basic and Diluted Loss per Share					
Basic and diluted loss per share for the period	17	**(1.29)**	(0.76)	**(1.58)**	(1.35)

Chief Financial Officer

Abdulkhaleq Abdullah Babiker Al-Hassan

Chief Executive Officer

Dr. Saad Saud Al-Sayyari

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

SAUDI VITRIFIED CLAY PIPES COMPANY
A SAUDI JOINT STOCK COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2026
(ALL AMOUNTS IN SAUDI RIYALS ⃁ UNLESS OTHERWISE STATED)

	Capital	**Accumulated Losses**	**Total Equity**
Balance as at January 1, 2025 (Audited)	150,000,000	(47,963,420)	102,036,580
Total comprehensive loss for the period	-	(20,210,289)	(20,210,289)
Balance as at June 30, 2025 (Unaudited)	150,000,000	(68,173,709)	81,826,291
Balance as at January 1, 2026 (Audited)	**150,000,000**	**(80,930,321)**	69,069,679
Total comprehensive loss for the period	**-**	**(23,640,938)**	**(23,640,938)**
Balance as at June 30, 2026 (Unaudited)	**150,000,000**	**(104,571,259)**	45,428,741

Chief Financial Officer
Abdulkhaleq Abdullah Babiker Al-Hassan

Chief Executive Officer
Dr. Saad Saud Al-Sayyari

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

SAUDI VITRIFIED CLAY PIPES COMPANY
A SAUDI JOINT STOCK COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2026
(ALL AMOUNTS IN SAUDI RIYALS ⃁ UNLESS OTHERWISE STATED)

	Note	**For the six-month period ended June 30,**	
		2026	2025
		(unaudited)	(unaudited)
Cash flows from operating activities			
Net loss for the period before zakat		**(22,990,380)**	(19,848,769)
Adjustments to reconcile net loss for the period to non-cash items			
Depreciation of property, plant and equipment	5	**1,634,851**	2,420,897
Amortization of intangible assets		**33,901**	53,552
Depreciation of right-of-use assets		**642,190**	644,841
Provision (reversal) of expected credit losses	8	**1,272,497**	(116,793)
Provision for damaged, slow-moving and obsolete inventory	7	**5,814,792**	200,000
Finance costs		**874,168**	1,208,640
Provision for defined employee benefit obligations		**745,719**	634,523
Gains on sale of property, plant and equipment		**(129,992)**	-
Governmental grant		**(39,439)**	(39,439)
		(12,141,693)	(14,842,548)
Changes in Working Capital			
Inventories		**(5,210,465)**	17,632
Trade receivables		**1,487,049**	2,429,836
Prepayments and other assets		**(986,747)**	(3,101,899)
Accrued expenses and other liabilities		**3,729,842**	2,894,606
Contract liabilities with customers		**(369,318)**	410,346
Trade Payables		**11,020,123**	5,497,894
Net cash used in operating activities		**(2,471,209)**	(6,694,133)
Defined employee benefit obligations paid		**(961,861)**	(1,105,021)
Zakat paid	14	**(448,909)**	(1,391,663)
Net cash used in operating activities		**(3,881,979)**	(9,190,817)
Cash flows from investing activities			
Additions to property, plant and equipment	5	**(1,551,041)**	(1,292,665)
Purchase of Software		**(23,750)**	(29,750)
Proceeds from sale of property, plant and equipment		**130,000**	-
Additions to capital work under construction	6	**(5,859,571)**	(7,107,444)
Net cash used in investing activities		**(7,304,362)**	(8,429,859)
Cash flows from financing activities			
Proceeds from short-term loans		**10,085,593**	5,000,000
Repayment of short-term loans		**(9,619,716)**	(5,000,000)
Proceeds from long-term loans		**-**	20,000,000
Repayments of long-term loans		**(1,818,182)**	-
Payment of interest expenses		**(595,663)**	(246,022)
Payment of lease liabilities		**(109,940)**	(233,593)
Net cash flows (used in)/ generated from financing activities		**(2,057,908)**	19,520,385
Net change in cash and cash equivalents		**(13,244,249)**	1,899,709
Cash and cash equivalents at the beginning of the period	10	**14,229,893**	4,218,244
Cash and cash equivalents at the end of the period	10	**985,644**	6,117,953

Chief Financial Officer	Chief Executive Officer
Abdulkhaleq Abdullah Babiker Al-Hassan	Dr. Saad Saud Al-Sayyari

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

(ALL AMOUNTS IN SAUDI RIYALS ⃁ UNLESS OTHERWISE STATED)

1- BACKGROUND AND ACTIVITIES OF THE PARENT COMPANY AND ITS SUBSIDIARIES

a) Incorporation

Saudi Vitrified Clay Pipes Company (the "Company") is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under Commercial Registration No. 1010014993, issued in Riyadh on 8 Rabi' al-Awwal 1398H (corresponding to 16 February 1978).

The Company's share capital is set at ⃁ 150,000,000, divided into 15,000,000 ordinary shares of equal nominal value of ⃁ 10 each, all of which are ordinary shares issued for cash.

Saudi Vitrified Clay Pipes Company announced the issuance of the Capital Market Authority's resolution dated 14 Shawwal 1447H (corresponding to 2 April 2026), approving the Company's application to increase its share capital through a rights issue, by increasing the Company's share capital by an amount of ⃁ 80,000,000. This approval was conditional upon the approval of the Company's Extraordinary General Assembly of the capital increase and the completion of the relevant statutory procedures and requirements.

On 27 Muharram 1448H (corresponding to 12 July 2026), the Company's Extraordinary General Assembly held its meeting and resolved not to approve the proposal to increase the Company's share capital by ⃁ 80,000,000 through a rights issue. Accordingly, the capital increase procedures were not completed and the proposed increase did not come into effect. Management is currently assessing the implications of the Extraordinary General Assembly's resolution on the Company's liquidity, financial position and future plans, including its plans relating to financing and business continuity, and the necessary actions will be taken in accordance with the relevant statutory requirements.

b) Principal Activities of the Parent Company

The Parent Company's principal activities include the operation of quarries, the manufacture of plastic pipes, hoses, tubes, and their connections and fittings, and the manufacture of pipes.

c) Headquarters

The Parent Company's head office is located at the following address:
Riyadh - Second Industrial City - Road No. 182, P.O. Box 6415 - Postal Code 11442
Kingdom of Saudi Arabia

d) Subsidiaries

The interim condensed consolidated financial statements as of 30 June 2026 include the financial statements of the Parent Company (the "Company") and its subsidiaries (collectively referred to as the "Group") as shown below:

Subsidiary Name	Country of incorporation	Commercial Registration Number	Commercial Registration Date	Percentage	
				June 30, 2026	December 31, 2025
Laffan Pipes Company	Kingdom of Saudi Arabia	1009047290	3 June 2024	**100%**	100%
Saudi Land Factory for Cement Products Company	Kingdom of Saudi Arabia	1011022606	9 April 2022	**100%**	100%

e) Branch Commercial Registrations

The Parent Company holds the following branch commercial registration:

Branch name	CR No.	Date of issue	Place of issue	Activity
Saudi Vitrified Clay Pipes Company	1010609539	11 July 2017	Riyadh	Quarrying operations, manufacturing of pipes, and trade in pottery and handicrafts.

2- BASIS OF PREPARATION OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2-1 Basis of Preparation

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (34) "Interim Financial Reporting" that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA), and should be read in conjunction with the Group's last annual consolidated financial statements for the year ended December 31, 2025. These interim condensed consolidated financial statements do not include all the information normally required for a complete set of consolidated financial statements in accordance with IFRS. However, selected accounting policies and explanatory notes have been included to explain significant events and transactions to understand the changes in the Group's financial position and performance since December 31, 2025.

2-2 Basis of Measurement

The interim condensed consolidated financial statements have been prepared on a historical cost basis, except for defined employee benefit obligations, which are measured using the expected unit credit method. Another basis is used if required by IFRS endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA.

2-3 Group's Going Concern and Accumulated Losses

The Group incurred a net loss of ⃁ 23.6 million for the period ended June 30, 2026, and the accumulated losses exceeded 50% of the share capital. Furthermore, the Group was also in breach of certain loan covenants, as a result of which loans amounting to ⃁ 30,692,676 were classified as current liabilities in the consolidated statement of financial position as of the reporting date. These events and conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

The Board of Directors reviewed and approved the cash flow forecasts for the next twelve months and has commenced taking several measures to improve the Group's liquidity position and enhance its ability to meet its obligations as they fall due, including, but not limited to:

1. Diversifying operating activities and revenue sources with the aim of enhancing the Group's sales, through expansion into the plastic and cement pipes industries, and completing the works related to the Lafan HDPE pipes plant, which is expected to commence operations during the third quarter of 2026.
2. Holding discussions with banks and lenders with the aim of obtaining additional financing facilities and restructuring and/or rescheduling certain existing loans and obligations.
3. Implementing a number of measures to rationalize costs and improve operational efficiency, including improving production efficiency and inventory management and reviewing operating expenses, with the aim of improving cash flows from operations.
4. Restructuring the Company's share capital and addressing the accumulated losses. In this regard, on 21 July 2026, the Company announced the recommendation of the Board of Directors to the Extraordinary General Assembly of the Company's shareholders to reduce the Company's share capital to extinguish the accumulated losses, followed by an increase in the Company's share capital by ⃁ 90 million through a rights issue, and the Company is proceeding to complete the statutory procedures related thereto, which are subject to the approvals of the competent regulatory authorities and the Extraordinary General Assembly.
5. Enhancing the liquidity sources available to the Group, whereby the Company obtained a loan amounting to ⃁ 10,000,000 during July 2026 as part of management's efforts to enhance liquidity and provide the financing necessary to support the Group's operations and meet its financial obligations.

Based on the Group's financial projections and the measures and plans referred to above, the Group's management has performed an assessment of the Group's ability to continue as a going concern, and management believes that the implementation of these plans and measures, together with the expected improvement in operating performance and the availability of the necessary financing sources, will enable the Group to meet its obligations as they fall due and continue its operations in the foreseeable future.

Accordingly, these interim condensed consolidated financial statements have been prepared on a going concern basis and do not include any adjustments to the carrying amounts and classification of assets, liabilities, and expenses disclosed that may be required should the going concern basis no longer be appropriate.

2-4 Functional and Presenting Currency

The interim condensed consolidated financial statements are presented in ⃁ , which represents the functional currency and is rounded to the nearest ⃁.

2- BASIS OF PREPARATION OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2-5 Use of Judgments, Assumptions, and Estimates

The preparation of these interim condensed consolidated financial statements in accordance with IFRS endorsed in the Kingdom of Saudi Arabia requires management to use judgments, estimates, and assumptions that affect the application of accounting policies to the reported amounts of assets and liabilities, as well as the disclosures of contingent assets and liabilities at the date of the consolidated statement of financial position. Estimates and assumptions affect the balances of assets and liabilities as well as the reported amounts of revenue and expenses. Although these estimates are prepared based on the best information available to management regarding current events and conditions, actual results may differ from these estimates.

Judgments, estimates, and related assumptions are reviewed on an ongoing basis, and adjustments to estimates are recognized prospectively.

The significant judgments, assumptions, and estimates made by management in applying the Group's accounting policies and the significant sources of uncertainty were similar to those described in the Group's last annual financial statements.

3- ACCOUNTING POLICIES

The accounting policies applied in these interim condensed consolidated financial statements are the same as those applied in the consolidated financial statements for the year ended December 31, 2025. No new standards have been issued; however, a number of amendments to standards became effective as of January 1, 2026, which were explained in the Group's annual consolidated financial statements but do not have a material impact on the Group's interim condensed consolidated financial statements.

New Standards and Amendments to Standards and Interpretations

New standards and a set of amendments to standards became effective as of January 1, 2026, as disclosed in the Group's annual consolidated financial statements; however, they do not have a material impact on the Group's interim condensed consolidated financial statements.

The Company has not early adopted any new standard, interpretation, or amendment that has been issued but is not yet effective.

IFRS 18 "Presentation and Disclosure in Financial Statements"

The Group is currently assessing the expected impact of the initial application of IFRS 18 "Presentation and Disclosure in Financial Statements" on the interim condensed consolidated financial statements.

a) Structure of the statement of profit or loss

IFRS 18 requires all income and expenses to be classified into categories in the interim condensed consolidated statement of profit or loss and other comprehensive income (unaudited), namely operating activities, investing activities, financing activities, and zakat. The classification of income and expenses depends on the Group's main business activities.

The Group's application of IFRS 18 will not result in any change in net profit or net assets. However, the Group will be required to present two new subtotals, namely "operating profit" and "profit or loss before zakat". Nevertheless, the operating profit subtotal under IFRS 18 differs from the operating profit subtotal currently presented by the Group. Based on currently available information, the Group expects the following changes to the current structure of the statement of profit or loss:

1. Interest income and interest expense are currently included within finance income and finance costs in accordance with the Group's current accounting policy. IFRS 18 provides specific guidance on the classification of income and expenses within the investing activities and financing activities categories.
2. Interest cost relating to defined employee benefit obligations, currently presented within finance costs, will continue to be presented within finance costs.
3. Net foreign currency exchange losses are currently included within finance costs and presented within net finance costs. Under IFRS 18, exchange differences are required to be presented in the same category as the income and expenses relating to the items from which those differences arose.

3- ACCOUNTING POLICIES (CONTINUED)

New Standards and Amendments to Standards and Interpretations (Continued)

IFRS 18 “Presentation and Disclosure in Financial Statements”(Continued)

b) Management-defined performance measures
Management-defined performance measures are subtotals of income and expenses used in public communications outside the interim condensed consolidated financial statements (unaudited), and reflect management’s view of an aspect of the financial performance of the Group as a whole. The Group will be required to disclose specified information relating to these measures in a single note to the interim condensed consolidated financial statements (unaudited).

The Group is currently identifying the public communications to be considered in determining its management-defined performance measures. These measures relate to the same financial period covered by the interim condensed consolidated financial statements (unaudited). Accordingly, the performance measures that the Group will disclose upon application of IFRS 18 will be determined based on the Group’s public communications relating to the 2027 interim reporting period.

c) Aggregation and disaggregation principles
IFRS 18 provides enhanced principles on how information is aggregated and disaggregated in the interim condensed consolidated financial statements (unaudited) (including the interim condensed consolidated financial statements (unaudited) and the accompanying notes). It also provides guidance on the labelling and description of items presented in the interim condensed consolidated financial statements (unaudited) or disclosed in the notes.

The Group is currently assessing items on the basis of their similar and dissimilar characteristics. Based on this assessment, the Group will present items in the interim condensed consolidated financial statements (unaudited) that provide structured summaries useful to users, while disclosing additional material information in the notes.

The Group is also assessing items currently classified under the caption “other” and will use more specific and descriptive labels.

d) Consequential amendments
IFRS 18 includes consequential amendments to IAS 7 “Statement of Cash Flows”, which require the newly introduced “operating profit” subtotal to be used as the starting point for preparing the interim condensed consolidated statement of cash flows (unaudited) when presenting cash flows from operating activities using the indirect method. The Group currently uses profit for the year / period before zakat as the starting point for the reconciliation to net cash flows from operating activities. As a result of adopting the new starting point, certain reconciling items included in this reconciliation will change.

The consequential amendments also include specific guidance on the classification of cash flows relating to interest and dividends. The Group will classify cash flows arising from interest paid within financing activities rather than operating activities, while cash flows arising from interest received and dividends received will continue to be classified within investing activities, and dividends paid within financing activities.

IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
IFRS 19 is effective for annual periods beginning on or after January 1, 2027. The International Accounting Standards Board issued this standard, which permits eligible entities to elect to apply reduced disclosure requirements while continuing to apply the recognition, measurement, and presentation requirements set out in other IFRS Accounting Standards. Unless otherwise stated, eligible entities that elect to apply IFRS 19 will not be required to apply the disclosure requirements of other IFRS Accounting Standards.

(ALL AMOUNTS IN SAUDI RIYALS ⃁ UNLESS OTHERWISE STATED)

4- CONDENSED CONSOLIDATED FINANCIAL RESULTS FOR THE PERIOD

Group management has prepared all adjustments deemed necessary to present fairly the condensed consolidated financial statements as of June 30, 2026 and its condensed consolidated results of operations for the period then ended. The condensed consolidated financial results for that period may not be a precise indicator of the consolidated financial results for the year ended December 31, 2026.

5- PROPERTY, PLANT AND EQUIPMENT

	June 30, 2026 (unaudited)	December 31, 2025 (audited)
Cost		
Balance at the beginning of the period / year	**249,776,720**	566,037,471
Additions	**1,551,041**	2,665,462
Disposal	**(1,104,667)**	(318,926,213)
Balance at the end of the period/year	**250,223,094**	249,776,720
Accumulated Depreciation		
Balance at the beginning of the period / year	**197,467,499**	376,299,010
Charged during the period/year	**1,634,851**	4,580,607
Disposal	**(1,073,159)**	(183,412,118)
Balance at the end of the period/year	**198,029,191**	197,467,499
Accumulated impairment		
Balance at the beginning of the period / year	**17,446,947**	126,651,370
Charged during the period/year	**-**	3,043,366
Disposal	**(31,500)**	(112,247,789)
Balance at the end of the period/year	**17,415,447**	17,446,947
Net book value	**34,778,456**	34,862,274

* Property, plant and equipment include assets with a net book value of ⃁ 34,441,270 belonging to the subsidiary 'Saudi Land Factory Company'. These assets have been pledged as collateral against a loan from the Saudi Industrial Development Fund (Note 11).

6- CAPITAL WORK-IN-PROGRESS

Capital Work-in-Progress represents the construction costs of the "Laffan Pipes Factory", specializing in the production of plastic pipes, which commenced at the end of 2024. The project is being implemented according to the planned schedule and is expected to be completed during the third quarter of 2026. Costs will be transferred to property, plant and equipment upon completion and the commencement of actual operations. The balance includes ⃁ 13,828,093 related to the construction of new concrete bases and the purchase of machinery for Saudi Land Factory.

	June 30, 2026 (unaudited)	December 31, 2025 (audited)
Cost		
Balance at the beginning of the period / year	**32,238,943**	430,100
Additions during the period / year	**5,859,571**	31,808,843
Balance at the end of the period/year	**38,098,514**	32,238,943

(ALL AMOUNTS IN SAUDI RIYALS ⃁ UNLESS OTHERWISE STATED)

7- INVENTORIES

	June 30, 2026	December 31, 2025
	(unaudited)	(audited)
Spare parts	**19,360,450**	19,193,300
Work-in-progress	**5,161,510**	4,778,576
Finished goods	**12,348,174**	6,983,983
Raw materials	**5,156,361**	5,498,143
Accessories inventory	**2,194,776**	2,518,605
Packing and packaging materials	**225,253**	263,452
	44,446,524	39,236,059
Less: Provision for damaged, slow-moving and obsolete inventory	**(17,741,759)**	(11,926,967)
	26,704,765	27,309,092

The following is the movement in the provision for damaged, slow-moving and obsolete inventory for the period / year:

	June 30, 2026	December 31, 2025
	(unaudited)	(audited)
Balance at the beginning of the period/year	**11,926,967**	5,106,397
Reinstatement of previously written-off inventory items	**-**	5,441,070
Charge for the period / year	**5,814,792**	1,959,794
Written off during the period / year	**-**	(580,294)
Balance at the end of the period/year	**17,741,759**	11,926,967

During the current period, management reassessed the accounting estimate relating to the provision for spare parts inventory, in light of a review of usage patterns, operating experience, and expectations regarding the future usability of spare parts inventory. Based on the results of this review, management adjusted the accounting estimate applied in determining the provision for spare parts inventory to reflect the best estimate available at the date of preparation of the financial statements. The total provision for spare parts inventory recognized during the six-month period ended June 30, 2026 amounted to ⃁ 4,563,270, and was charged to the statement of profit or loss for the period.

The inventory balance decreased by ⃁ 1,251,522 for the period ended June 30, 2026 as a result of a decline in net realizable value. This decline was recognized and charged to cost of sales.

(ALL AMOUNTS IN SAUDI RIYALS ⃁ UNLESS OTHERWISE STATED)

8- TRADE RECEIVABLES

	June 30, 2026 (unaudited)	December 31, 2025 (audited)
Trade receivables	**33,247,644**	34,738,179
Provision for expected credit losses	**(10,988,256)**	(9,719,245)
	22,259,388	25,018,934

The movement in the allowance for expected credit losses for the period/year is as follows:

	June 30, 2026 (unaudited)	December 31, 2025 (audited)
Balance at the beginning of the period/year	**9,719,245**	8,444,049
Charge for the period / year	**1,272,497**	1,622,586
Written off during the period / year	**(3,486)**	(347,390)
Balance at the end of the period/year	**10,988,256**	9,719,245

The following is the aging analysis of trade receivables as at:

	June 30, 2026 (unaudited)	December 31, 2025 (audited)
Up to 3 months	**13,933,628**	21,258,987
3 - 6 months	**7,164,049**	3,527,397
6 months to 1 year	**4,112,17**8	2,520,481
More than 1 year	**8,037,789**	7,431,314
	33,247,644	34,738,179

The Group holds a number of bank letters of guarantee amounting to ⃁ 4,275,207 issued by customers as security for the collection of trade receivables, and their effect is taken into consideration when estimating the provision for expected credit losses.

9- PREPAYMENTS AND OTHER ASSETS

	June 30, 2026 (unaudited)	December 31, 2025 (audited)
Advance payments to suppliers	**3,363,345**	2,438,218
Prepaid expenses	**1,514,398**	2,054,546
Value Added Tax	**1,267,519**	683,993
Refundable deposits	**183,816**	170,628
Employees' advances	**53,078**	48,024
Letters of guarantee margin	**50,000**	50,000
	6,432,156	5,445,409

(ALL AMOUNTS IN SAUDI RIYALS ⃁ UNLESS OTHERWISE STATED)

10- CASH AND CASH EQUIVALENTS

	June 30, 2026	December 31, 2025
	(unaudited)	(audited)
Current accounts with banks	**950,613**	14,138,511
Cash on hand	**35,031**	91,382
	985,644	14,229,893

11- INTEREST-BEARING LOANS

During 2020, Saudi Land Factory for Cement Products Company (the subsidiary) entered into a long-term interest-free loan agreement with the Saudi Industrial Development Fund for the purpose of establishing a factory for the production of reinforced concrete pipes and lined and unlined concrete pipes. The factory is to be constructed on land leased from the Saudi Authority for Industrial Cities and Technology Zones (MODON) under a lease agreement in Al Kharj.

This facility represents a government grant, considering that the Saudi Industrial Development Fund is a governmental entity and the Company obtained the loan on an interest-free basis, with the related conditions attached to the government grant having been fulfilled. The total financing obtained amounted to ⃁ 15.9 million.

The loan is secured by compliance with certain financial ratios and covenants, the signing of a promissory note for the full loan amount, and a mortgage deed over all assets of the subsidiary (Note 5). The Company was not in compliance with these covenants as at June 30, 2026; accordingly, the entire loan balance was reclassified as a current liability.

The loan is repayable in semi-annual installments, with the final installment due on 15 Safar 1450H (corresponding to August 8, 2028). The Group’s management is currently working on restructuring its obligations with the Saudi Industrial Development Fund, as unpaid installments amounted to ⃁ 4,800,000 as at June 30, 2026.

Saudi Investment Bank Loan

In 2025, the Parent Company entered into a long-term credit facility agreement with SAIB for a total of ⃁ 20 million to finance the construction of the Laffan Pipes factory. The facility term is 72 months with a 12-month grace period. The principal of the facility is repayable in 10 equal semi-annual installments starting January 15, 2026 and ending July 15, 2030, following the end of the grace period. The facility is priced based on the Saudi Interbank Offered Rate (SIBOR) plus a profit margin of 2.75% per annum. Profit is due and payable on a semi-annual basis. The facility is secured by compliance with specific financial covenants and ratios, in addition to a promissory note issued for the full value of the facility. The Company was not in compliance with these covenants as at June 30, 2026; accordingly, the entire loan balance was reclassified as a current liability.

	June 30, 2026	December 31, 2025
	(unaudited)	(audited)
Saudi Investment Bank	**18,181,818**	20,000,000
Saudi Industrial Development Fund	**12,510,858**	12,379,182
	30,692,676	32,379,182

Long-term loans have been classified in the interim condensed consolidated statement of financial position as follows:

Non-current portion	**-**	16,000,000
Current portion	**30,692,676**	16,379,182
	30,692,676	32,379,182

12- SHORT-TERM MURABAHA

The Parent Company has bank facilities in the form of Murabaha from local commercial banks with a total value of ⃁ 9,085,593 as of June 30, 2026 (December 31, 2025: ⃁ 8,619,716) to finance the Company's operating activities. These facilities bear financing costs at prevailing market commission rates based on Saudi Interbank Offered Rates plus a fixed margin. The facility is secured against compliance with financial ratios and covenants and the signing of a promissory note for the full value of the facility.

(ALL AMOUNTS IN SAUDI RIYALS ⃁ UNLESS OTHERWISE STATED)

13- ACCRUED EXPENSES AND OTHER LIABILITIES

	June 30, 2026	December 31, 2025
	(unaudited)	(audited)
Accrued employee benefits and salaries	**4,367,951**	2,283,636
Due to related parties (Board of Directors) - Note 18	**3,018,000**	2,012,000
Accrued expenses	**2,106,255**	1,327,433
Accrued interest on loans	**800,683**	807,208
Value Added Tax	**256,038**	388,808
Dividends payable to shareholders	**82,463**	82,463
	10,631,390	6,901,548

14- ZAKAT STATUS

a) Saudi Vitrified Clay Pipes Company (The Parent Company):

- The Company has filed its zakat returns and financial information with the Zakat, Tax and Customs Authority ("the Authority") up to 2025, and has paid the amounts due under those returns and obtained the required zakat certificates.
- The Company has finalized its zakat status up to 2020.
- The Authority has initiated a zakat examination for the Company for the year 2024. On July 28, 2026, the Authority issued a preliminary discussion draft of the assessment, with total zakat differences amounting to ⃁ 448,091. The Company responded to the Authority and objected to these differences. As of the date of preparation of these financial statements, the Authority has not yet responded to the objection submitted by the Company.
- There is an outstanding objection regarding a zakat assessment for the years 2021 and 2022, totaling ⃁ 549,850. The Company has escalated the objection to the Zakat, Tax and Customs Committees, and the objection is still under review and discussion with the committees. The Company has recognized a provision against the received zakat assessments.

b) Saudi Land Factory for Cement Products (Subsidiary)

- The Company has filed its zakat returns and financial information with the Zakat, Tax and Customs Authority up to 2025, paid the amounts due under those returns, and obtained the required certificates. The Company has not received any Zakat assessments to date.

c) Lafan Pipe Company (Subsidiary):

- The Company has filed its zakat returns and financial information with the Zakat, Tax and Customs Authority up to 2025, paid the amounts due under those returns, and obtained the required certificates. The Company has not received any Zakat assessments to date.

d) Zakat Provision

	June 30, 2026	December 31, 2025
	(unaudited)	(audited)
Opening balance	**2,726,849**	2,597,427
Charged	**650,558**	1,521,085
Paid	**(448,909)**	(1,391,663)
Balance at the end of the period/year	**2,928,498**	2,726,849

(ALL AMOUNTS IN SAUDI RIYALS ⃁ UNLESS OTHERWISE STATED)

15- REVENUE FROM CONTRACTS WITH CUSTOMERS

a) The Group's sales represent sales from the vitrified clay and cement pipe sectors of various diameters, sold directly to customers.
b) Revenue from sales is recognized at a point in time.
c) The following are the details of sales by geographical regions of the Group:

	For the three-month period ended June 30, 2026 (unaudited)			**For the six-month period ended June 30, 2026 (unaudited)**		
Segment	**Clay Pipes**	**Cement Pipes**	**Total**	**Clay Pipes**	**Cement Pipes**	**Total**
Geographical distribution						
Kingdom of Saudi Arabia	6,245,937	5,853,592	12,099,529	12,328,483	15,226,119	27,554,602
Sales outside the Kingdom of Saudi Arabia	50,101	-	50,101	54,916	-	54,916
Total revenue from contracts with customers	**6,296,038**	**5,853,592**	**12,149,630**	**12,383,399**	**15,226,119**	**27,609,518**
Timing of revenue recognition						
Goods and services transferred at a point in time	6,296,038	5,853,592	12,149,630	12,383,399	15,226,119	27,609,518
Total revenue from contracts with customers	**6,296,038**	**5,853,592**	**12,149,630**	**12,383,399**	**15,226,119**	**27,609,518**

	For the three-month period ended June 30, 2025 (unaudited)			For the six-month period ended June 30, 2025 (unaudited)		
Segment	Clay Pipes	Cement Pipes	Total	Clay Pipes	Cement Pipes	Total
Geographical distribution						
Kingdom of Saudi Arabia	6,651,513	7,324,171	13,975,684	12,459,433	14,178,729	26,638,162
Sales outside the Kingdom of Saudi Arabia	779,038	-	779,038	1,211,120	-	1,211,120
Total revenue from contracts with customers	7,430,551	7,324,171	14,754,722	13,670,553	14,178,729	27,849,282
Timing of revenue recognition						
Goods and services transferred at a point in time	7,430,551	7,324,171	14,754,722	13,670,553	14,178,729	27,849,282
Total revenue from contracts with customers	7,430,551	7,324,171	14,754,722	13,670,553	14,178,729	27,849,282

16- GENERAL AND ADMINISTRATIVE EXPENSES

	For the three-month period ended June 30		**For the six-month period ended June 30**	
	2026 (unaudited)	2025 (unaudited)	**2026 (unaudited)**	2025 (unaudited)
Employee salaries and benefits	**4,022,376**	3,470,415	**7,795,083**	7,291,552
Board of Directors' remuneration and allowances	**503,000**	503,000	**1,006,000**	1,006,000
Professional fees and consultancy	**2,295,658**	199,550	**2,629,360**	672,058
Depreciation of right-of-use assets	**81,610**	81,610	**163,220**	163,220
Insurance and medical expenses	**43,598**	60,691	**98,152**	123,050
Maintenance	**43,903**	28,801	**47,759**	46,151
Travel and transportation	**34,147**	43,002	**35,570**	56,047
Other	**476,130**	416,175	**931,460**	1,157,854
	7,500,422	4,803,244	**12,706,604**	10,515,932

(ALL AMOUNTS IN SAUDI RIYALS ⃁ UNLESS OTHERWISE STATED)

17- LOSS PER SHARE

Basic and diluted loss per share is calculated by dividing the net loss for the period by the weighted average number of outstanding shares as at the end of the period, as follows:

	For the three-month period ended June 30		**For the six-month period ended June 30**	
	2026 (unaudited)	2025 (unaudited)	**2026 (unaudited)**	2025 (unaudited)
Net loss for the period	**(19,286,955)**	(11,460,491)	**(23,640,938)**	(20,210,289)
Weighted average number of outstanding shares at the end of the period	**15,000,000**	15,000,000	**15,000,000**	15,000,000
Basic and diluted loss per share from net loss for the period	**(1.29)**	(0.76)	**(1.58)**	(1.35)

18- TRANSACTIONS WITH RELATED PARTIES

Related parties comprise the Company's shareholders, directors, and senior management, as well as affiliated companies (the Company and entities within the same group), and entities under the control, joint control, or significant influence of such parties. The terms of these transactions are approved by the Company's management. The following is a summary of the Company's related party transactions:

a) The following are the significant transactions with related parties for the period ended:

Related party	**Transaction type**	**June 30, 2026**	June 30, 2025
		(unaudited)	(unaudited)
Board of Directors and its sub-committees	Attendance fees and remuneration	**1,006,000**	1,006,000
Senior management and key executives	Salaries and other benefits	**2,249,999**	3,252,210
	Provision for defined employee benefits	**634,52**	634,523

b) The following are the related party balances for the period / year ended:

		June 30, 2026	31 December 2025
		(unaudited)	(audited)
Due to related parties	Board of Directors' remuneration	**3,018,000**	2,012,000

19- FINANCIAL INSTRUMENTS, RISK MANAGEMENT AND FAIR VALUE

The Group's financial risk management objectives and policies are consistent with those disclosed in the Group's annual consolidated financial statements for the year ended December 31, 2025. There were no material changes in the classification, measurement, or fair value of financial instruments during the financial period ended June 30, 2026. Furthermore, there were no material changes in the Group's exposure to credit, liquidity, or market risks, or in the methods used to manage those risks, compared to what was disclosed in the latest annual consolidated financial statements.

Fair value

Fair value represents the amount at which assets could be exchanged or liabilities settled between knowledgeable willing parties on an arm's length basis. Financial instruments consist of financial assets and financial liabilities. Group management believes that the fair value of financial assets and liabilities does not differ materially from their carrying amounts.

(ALL AMOUNTS IN SAUDI RIYALS ⃁ UNLESS OTHERWISE STATED)

20- CONTINGENT LIABILITIES

a) The Saudi Land Factory for Cement Products Company has payables related to the purchase of machinery and equipment amounting to EUR 185,981 (equivalent to ⃁ 809,017) as at June 30, 2026 (EUR 217,782, equivalent to ⃁ 994,996, as at December 31, 2025)
b) Laffan Pipe Company has capital commitments related to the implementation of the Lafan pipe manufacturing plant project amounting to ⃁ 1,760,589as at June 30, 2026(⃁ 6,085,932as at December 31, 2025).

21- SEGMENT REPORTING

The Group's principal activity consists of segments including the production of vitrified clay, cement, and plastic pipes.

The following is a statement of selected segmental information for each segment:

Segment	**Clay Pipes**	**Cement Pipes**	**Plastic pipes**	**Total**
As at June 30, 2026 (Unaudited)				
Total assets	**44,322,345**	**70,452,382**	**27,357,057**	**142,131,784**
Total Liabilities	**62,021,894**	**32,431,275**	**2,249,874**	**96,703,043**
As at December 31, 2025 (Audited)				
Total assets	64,615,655	67,564,580	20,449,512	152,629,747
Total Liabilities	56,317,380	26,620,846	621,842	83,560,068

Segment	**Clay Pipes**	**Cement Pipes**	**Plastic pipes**	**Total**
For the six-month period ended June 30, 2026 (Unaudited)				
Revenue	**12,383,399**	**15,226,119**	**-**	**27,609,518**
Segment loss for the period before Zakat	**(18,096,351)**	**(3,676,243)**	**(1,217,786)**	**(22,990,380)**
For the six-month period ended June 30, 2025 (Unaudited)				
Revenue	13,670,553	14,178,729	-	27,849,282
Segment loss for the period before Zakat	(18,383,093)	(1,262,619)	(203,057)	(19,848,769)

Detailed revenue information for geographical segments has been disclosed (Note 15).

22- SUBSEQUENT EVENTS

On 21 July 2026, Saudi Vitrified Clay Pipes Company announced the recommendation of the Board of Directors to the Extraordinary General Assembly of the Company's shareholders to reduce the Company's share capital against the accumulated losses, and thereafter to increase the Company's share capital by ⃁ 90 million through a rights issue. The Company is still in the process of finalizing the statutory procedures as at the date of these interim condensed consolidated financial statements, which remain subject to the approvals of the relevant regulatory authorities and of the Extraordinary General Assembly.

The Group also received an amount of ⃁ 10 million from the Saudi Investment Bank during July 2026 to finance the Company's operating activities.

23- APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved by the Board of Directors, following the recommendation for approval by the members of the Audit Committee, on 28 Safar 1448H (corresponding to 11 August 2026).