Transfer Document of Alwasail Industrial Company From The Parallel Market (Nomu) To The Main Market

Alwasail Industrial Company (the "Company" or the "Issuer") was established as a sole proprietorship owned by Saleh Abdullah Abdulaziz Al-Mushekih under the name "Alwasail Agricultural Establishment" under Commercial Registration No. (1131002483) issued in the city of Buraidah on 29/03/1400H (corresponding to 16/02/1980G) with a capital of fifty thousand (50,000) Saudi Riyals. On 03/12/1411H (corresponding to 16/06/1991G), the owner decided to convert Alwasail Agricultural Establishment into a general partnership under the name "Alwasail Agricultural Company for its owners Abdulrahman Abdullah Al-Mushekih and his brothers," and the capital was increased to two hundred thousand (200,000) Saudi Riyals divided into five (5) equal in-kind shares resulting from an agreed-upon valuation of the establishment's net assets among the partners, with each share valued at forty thousand (40,000) Saudi Riyals, The company was registered in the Commercial Register in the city of Buraidah under number (1131002483), and its articles of association were authenticated by a notary public under number (664) on 03/12/1411H (corresponding to 16/06/1991G). On 13/10/1427H (corresponding to 04/11/2006G), the partners unanimously agreed to convert the company from a general partnership to a closed joint-stock company with a capital of one hundred million (100,000,000) Saudi Riyals, divided into ten million (10,000,000) ordinary shares, with a par value of ten (10) Saudi Riyals per share, all of which are ordinary shares. The increase of ninety-nine million eight hundred thousand (99,800,000) Saudi Riyals was paid in cash by the shareholders, and the company's name was amended to "Alwasail Industrial Company". The company was registered in the register of joint-stock companies by virtue of Ministerial Resolution No. (216/Q) dated 20/08/1428H (corresponding to 02/09/2007G) and Ministerial Resolution No. (269/Q) dated 29/10/1428H (corresponding to 10/11/2007G), and it is registered in the Commercial Register under number (1131002483) dated 29/03/1400H (corresponding to 16/02/1980G) issued in the city of Buraidah. On 25/07/1434H (corresponding to 04/06/2013G), the Extraordinary General Assembly approved increasing the company's capital from one hundred million (100,000,000) Saudi Riyals to two hundred and fifty million (250,000,000) Saudi Riyals, divided into twenty-five million (25,000,000) fully paid-up ordinary shares by granting one and a half (1.5) bonus shares for every one (1) share owned by the shareholders registered on 25/07/1434H (corresponding to 04/06/2013G), which represents the date of the Extraordinary General Assembly meeting, through the issuance of fifteen million (15,000,000) ordinary shares, with a par value of ten (10) Saudi Riyals per share. The increase of one hundred and fifty million Saudi Riyals was fulfilled by one hundred and forty million (140,000,000) Saudi Riyals from the retained earnings account and the transfer of ten million (10,000,000) Saudi Riyals from the statutory reserve account. On 09/02/1443H (corresponding to 16/09/2021G), the Extraordinary General Assembly approved the registration, offering, and listing of the company's shares in the Parallel Market. On 15/06/1443H (corresponding to 18/01/2022G), the Company was listed on the Parallel Market (Nomu), following the approval of the Capital Market Authority (CMA) dated 08/03/1443H (corresponding to 03/11/2021G). On 01/05/1445H (corresponding to 15/11/2023G), the Extraordinary General Assembly approved the split of the nominal value per share from ten (10) Saudi Riyals to one (1) Saudi Riyal per share, which resulted in the adjustment of the company's shares from twenty-five million (25,000,000) ordinary shares to two hundred and fifty million (250,000,000) ordinary shares without any change in the capital value. On 13/06/1445H (corresponding to 26/12/2023G), the company's Board of Directors approved the transfer of the company's shares from the Parallel Market to the Main Market, with a number of two hundred and fifty million (250,000,000) ordinary shares and a total value of two hundred and fifty million (250,000,000) Saudi Riyals. On 29/05/1446H (corresponding to 01/12/2024G), the company's Board of Directors issued a resolution to cancel the previous recommendation to present the matter to the Extraordinary General Assembly and suffice with the Board of Directors' resolution to approve the transfer of the company's shares to the Main Market. The number of public shareholders who meet the additional eligibility criteria and hold one thousand (1,000) shares or more (in accordance with the definition of "Public" set out in the Glossary of Defined Terms of the Market Rules) amounts to six hundred and twenty-nine (629) shareholders. Their combined ownership comprises seventy-eight million five hundred and eighteen thousand two hundred and forty-six (78,518,246) ordinary shares, representing thirty-one point forty-one percent (31.41%) of the Company's total share capital. Accordingly, the Company satisfies the fourth tier of the first criterion of the additional requirements that must be met to ensure the availability of sufficient liquidity for the shares subject to the transfer application.

All of the Company's shares are ordinary shares of a single class, and no share grants its holder any preferential rights. Each shareholder (hereinafter referred to as the "Shareholder"), regardless of the number of shares he owns, shall have the right to attend the meetings of the General Assembly of Shareholders (hereinafter referred to as the "General Assembly") and to vote therein.

The company's activities, as stated in the Articles of Association, include pursuing and implementing the following purposes:

1- Manufacture of plastics and synthetic rubber in primary forms, 2- Manufacture of synthetic fibers, 3- Manufacture of plastic products, 4- Manufacture of basic iron and steel, 5- Manufacture of other electrical and electronic wires and cables, 6- Manufacture of agricultural and forestry machinery, 7- Wholesale of agricultural machinery, equipment and supplies, 8- Wholesale of waste, scrap and other products not elsewhere classified, 9- Land transport of goods.

As of the date of The shareholders' register issued on 23/06/1447H (corresponding to 14/12/2025 G), the Company has six (6) major shareholders who each directly own (5.00%) or more of the Company's capital, namely: (1) Shareholder/ Saleh Abdullah Abdulaziz Al-Mushekih, who owns (17.02%) of the Company's total shares directly and indirectly; (2) Shareholder/ Abdulaziz Abdullah Abdulaziz Al-Mushekih, who owns (11.76%) of the Company's total shares directly and indirectly; (3) Shareholder/ Abdulrahman Abdullah Abdulaziz Al-Mushekih, who owns (9.78%) of the Company's total shares; directly and indirectly (4) Shareholder/ Abdulqader Abdullah Abdulaziz Al-Mushekih, who owns (7.28%) of the Company's total shares directly and indirectly; (5) Shareholder/ Nasser Abdullah Abdulaziz Al-Mushekih, who owns (7.30%) of the Company's total shares directly and indirectly ; and (6) Shareholder/ Abdulaziz Saleh Sulaiman Al-Omari, who owns (6.86%) of the Company's total shares directly and indirectly. With the clarification that the indirect ownership arises from a disposition/ arrangement agreed between certain major shareholders and their spouses and sons.

Investing in shares subject to transfer to the Main Market involves risks and uncertainties, and therefore the "Important Notice" and "Risk Factors" sections of this Transfer Document should be carefully considered by investors before deciding to invest in the Company's shares following transfer to the Main Market.

After the announcement of the Tadawul Group's approval of the transfer of the issuer's shares to the main market, the Saudi Exchange Company (Saudi Exchange) shall suspend trading in the issuer's shares on the day following the expiry of the transfer document publication period for a period not exceeding five trading sessions, and then the transfer procedures shall commence (please refer to page (G) "Transfer Process Timeline").

Financial Advisor

قيمة المالية
Value Capital

This Transfer Document contains information submitted in connection with the application to transfer to the Main Market in accordance with the Listing Rules issued by the Saudi Exchange. The members of the Board of Directors whose names appear on page (C) jointly and severally bear full responsibility for the accuracy of the information contained in this Transfer Document and confirm, after conducting all reasonable investigations, that to the best of their knowledge and belief, there are no other facts the omission of which would render any statement contained therein misleading. The Authority and the Saudi Exchange do not bear any responsibility for the contents of this document, make no representations regarding its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from the contents of this document or reliance on any part thereof.

This Document is an unofficial English translation of the official Arabic Document and is provided for information purposes only. The Arabic language Document Published on Tadawul's website (www.saudiexchange.sa) remains the only official, legal binding version and shall prevail in the event of any conflict between the two texts.

This document was issued on 15/07/1447H (corresponding to 04/01/2026G)

ALWASAIL الوسائل

Important Notice

The document contains full and detailed information about Alwasail Industrial Company and its shares subject to transfer from the parallel market (Nomu) to the main market (TASI). Potential investors who wish to invest in the shares subject to transfer after the completion of their transfer, listing, and commencement of trading in the main market will be treated on the basis that the investment decision is based on the information contained in this document, a copy of which can be viewed by visiting the website of the Company (www.alwasail.com), the website of the financial advisor Value Capital Company (www.Valuecapital.sa), or the website of the Saudi Exchange Company (Saudi Exchange) (www.saudiexchange.sa). The financial advisor Value Capital Company (Value Capital) will also announce on the website of the Saudi Exchange Company (Saudi Exchange) the publication of the transfer document and its availability for inspection by investors within the period specified in accordance with the listing rules for a period of ten (10) trading days preceding the transfer to the Main Market.

After obtaining the approval of Tadawul Company for the request to transfer to the main market, the company must publish the transfer document within three trading days following the announcement of the approval of Tadawul Company for the request to transfer.

This Transfer Document contains information submitted as part of the application for transfer to the Main Market in accordance with the Listing Rules issued by the Saudi Exchange. The members of the Board of Directors whose names appear on page (C) collectively and individually bear full responsibility for the accuracy of the information contained in this Transfer Document and confirm, after conducting all reasonable inquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would render any statement contained therein misleading. The Authority and the Saudi Exchange do not bear any responsibility for the contents of this document, make no representations regarding its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from or in reliance on any part of this document.

Value Capital Company has been appointed as a financial advisor ("Financial Advisor") in connection with the application for the transfer of the Company's shares from the Parallel Market (Nomu) to the Main Market.

The information contained in this document as of the date of its issuance is subject to change. In particular, the financial position of the Company and the value of its shares could be adversely affected by future developments related to inflation, interest rates, taxes or any other economic or political factors beyond the Company's control (please refer to Section No. (2) "Risk Factors" in this document). This document and any oral, written or printed communications regarding the shares subject to transfer to the Main Market should not be considered, interpreted or relied upon in any way as a promise or statement regarding future profits, results or events.

This document shall not and should not be considered a recommendation by the Company, its Board of Directors, or any of its advisors to participate in an investment in the shares subject to transfer to the Main Market. The information contained in this document is of a general nature and has been prepared without taking into account the individual investment objectives, financial situation, or specific investment needs of persons wishing to invest in the shares subject to transfer to the Main Market. Before making any investment decision, each recipient of this document should obtain independent professional advice regarding investing in the shares subject to transfer to the Main Market after the commencement of trading from a financial advisor licensed by the Authority. This advice should be obtained in order to assess the suitability of the investment opportunity and the information contained in this document for their own objectives, circumstances, and investment needs, including the advantages and risks associated with investing in the shares subject to transfer to the Main Market. Investing in the shares subject to transfer to the Main Market may be suitable for some investors but not for others, and potential investors should not rely on the decision of another party to invest or not to invest as the basis for their own assessment of their investment opportunity or the particular circumstances of those investors.

The Company and the Financial Advisor request that the recipient of this document review all regulatory restrictions related to the purchase or sale of the shares subject to the transfer and adhere to them.

Financial information

The Company's audited financial statements for the financial years ended 31 December 2022, 2023, and 2024, as well as for the first half 2025, were prepared in accordance with the International Financial Reporting Standards (IFRS) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements approved by the Saudi Organization for Chartered and Professional Accountants (SOCPA). The audited financial statements for the financial years ended 31 December 2022م and 2023 and 31 December 2024, as well as the review of the condensed interim financial statements for the three-month period ended 31 March 2025, the three- and six-month periods ended 30 June 2025, and the three- and nine-month periods ended 30 September 2025, were conducted by Sulaiman Abdullah AlKharashi Company (AlKharashi & Co. Certified Accountants and Auditors).

Numbers in the financial statements, if aggregated, may differ from those presented in this document due to rounding. Therefore, the financial data presented in this document may differ from the information presented in the financial statements. It should also be noted that some numbers and percentages in this document are approximate. Accordingly, numbers shown for the same category presented in different tables may vary slightly, and numbers presented as aggregates in some tables may not represent an arithmetic average or the sum of the previous numbers.

Forecasts and Forward-Looking Statements

The forecasts contained in this document have been prepared based on specific assumptions disclosed in this document. The company's future circumstances may differ from the assumptions used, and therefore there is no guarantee, assurance, or undertaking regarding the accuracy or completeness of these forecasts.

Some of the forecasts in this document represent "forward-looking statements," which can generally be inferred from the use of certain future-oriented words such as "plans," "intends," "aims," "estimates," "believes," "expects," "anticipated," "can," "may," "likely," "probable," "will," and their negations, and other similar words. These statements reflect the company's current view regarding future events, but they do not constitute a guarantee or assurance of any actual future performance of the company, as there are many factors that could affect the company's actual performance, achievements, or results and cause them to differ significantly from what is explicitly or implicitly contained in these statements. The most important risks and factors that could lead to such an effect have been reviewed in more detail in other sections of this document (please refer to section (2) "Risk Factors"). If one or more of these factors materialize, or if any of the forecasts or estimates in this document prove to be incorrect or inaccurate, the company's actual results may differ substantially from those indicated in this document.

As a result of these risks, uncertainties, and estimates, the future events, circumstances, and forecasts addressed in this document may not occur in the manner anticipated by the Company, or may not occur at all. Accordingly, potential investors should examine all forward-looking statements in light of these clarifications and not rely on them as a primary basis.

Company Directory

Members of the Board of Directors and their ownership according to the shareholders' register issued on 23/06/1447H (corresponding to 14/12/2025G)

Name	Position	Membership status	Independence	Nationality	Age (years)	Shares owned "directly"		Shares owned "indirectly"		Membership date
						Amount	Percentage	Amount	Percentage	
Abdulrahman Abdullah Abdulaziz Al-Mushekih	Chairman of the Board	Non-Executive	Non-independent	Saudi	82	24,447,611	9.78%	None	None	21/06/1446H (corresponding to 22/12/2024G)
Saleh Abdullah Abdulaziz Al-Mushekih*	Vice Chairman of the Board**	Non-Executive	Non-independent	Saudi	64	39,058,532	15.62%	3,484,533	1.394%	21/06/1446H (corresponding to 22/12/2024G)
Abdulqader Abdullah Abdulaziz Al-Mushekih**	Board Member and CEO	Executive	Non-independent	Saudi	61	17,950,000	7.18%	261,601	0.10%	21/06/1446H (corresponding to 22/12/2024G)
Nasser Abdullah Abdulaziz Al-Mushekih***	Board Member	Non-Executive	Non-independent	Saudi	73	17,747,426	7.10%	500,807	0.20%	21/06/1446H (corresponding to 22/12/2024G)
Abdulaziz Abdullah Abdulaziz Al-Mushekih****	Board Member	Non-Executive	Non-independent	Saudi	68	29,306,128	11.72%	90,000	0.04%	21/06/1446H (corresponding to 22/12/2024G)
Rakan Mohammed Abdullah Abunayan	Board Member	Non-Executive	Independent	Saudi	32	None	None	None	None	21/06/1446H (corresponding to 22/12/2024G)
Musaed Sulaiman Al-Abdullah Al-Ohali	Board Member	Non-Executive	Non-independent	Saudi	67	None	None	None	None	21/06/1446H (corresponding to 22/12/2024G)
Khalid Abdulaziz Fahad Al-Shuraidah	Board Member	Non-Executive	Independent	Saudi	59	440,023	0.18%	None	None	21/06/1446H (corresponding to 22/12/2024G)
Ibrahim Saeed Mohammed Al-Mubarak	Board Member	Non-Executive	Independent	Saudi	37	None	None	None	None	21/06/1446H (corresponding to 22/12/2024G)
Secretary of the Board of Directors										
Jalal Ali Mohammed Al-Juraifani	Board Secretary	-	-	Saudi	50	2,500	0.0010%	None	None	21/06/1446H (corresponding to 22/12/2024G)

Source: The Company

* The indirect ownership of the shareholder Saleh bin Abdullah bin Abdulaziz Al-Mushiqih results from acting in concert pursuant to an agreement with the shareholder's spouse and children.

** The indirect ownership of the shareholder Abdulqader bin Abdullah bin Abdulaziz Al-Mushiqih results from acting in concert pursuant to an agreement with the shareholder's son.

*** The indirect ownership of the shareholder Nasser bin Abdullah bin Abdulaziz Al-Mushiqih results from acting in concert pursuant to an agreement with the shareholder's spouse and children.

**** The indirect ownership of the shareholder Abdulaziz bin Abdullah bin Abdulaziz Al-Mushiqih results from acting in concert pursuant to an agreement with the shareholder's son.

Company Address and Representatives

Registered Company Address

Alwasail Industrial Company

Buraidah: 3806, Riyadh Road -Qassim-Madinah Express, Al Yarmouk District
Unit No.: 16
Buraidah 52315-6331
Kingdom of Saudi Arabia
Unified Number: 920027777
Email: info@alwasail.com
Website: www.alwasail.com

Company Representatives

First representative

Name: Saleh Abdullah Abdulaziz Al-Mushekih
Position: Vice Chairman of the Board
Address: Riyadh - Al-Rimal District - Khazam Road
P.O. Box 21599, Postal Code 11485, Riyadh
Kingdom of Saudi Arabia
Tel Number: +966 (11) 4508433 Ext: 111
Fax Number: +966 (11) 4508435
Email: Saleh@alwasail.com
Website: www.alwasail.com

Second representative

Name: Abdulqader Abdullah Abdulaziz Al-Mushekih
Position: Board Member and CEO
Address: Buraidah - Al Yarmouk District, Qassim - Riyadh - Medina Highway
P.O. Box 124, Postal Code 51411, Buraidah
Kingdom of Saudi Arabia
Tel Number: +966 (16) 3816658 Ext: 1116
Fax Number: +966 (16) 3811203
Email: abdulkader@alwasail.com
Website: www.alwasail.com

Stock Market

Saudi Exchange Company (Saudi Exchange)

King Abdullah Financial District – Al Aqeeq 3229 – Riyadh
Unit No.: 1.17
P.O. Box 3229 – Riyadh 13519
Kingdom of Saudi Arabia
Tel +966 920001919
Fax: +966 11 2189133
Email: csc@saudiexchange.sa
Website: www.saudiexchange.sa

Advisors

Financial Advisor

Value Capital Company

King Abdulaziz Road - Al-Nafl District
Riyadh 11333-34153
Kingdom of Saudi Arabia
Tel: +966 11 269 8382
Fax Number: Not available
Email: CF@Valuecapital.sa
Website: www.Valuecapital.sa

Legal Advisor

Mohammed Abdulkarim Al-Obaid Law Firm and Legal Consultants

Riyadh - King Abdullah Road – Al-Hamra District
P.O. Box 6389, Riyadh 13216
Kingdom of Saudi Arabia
Tel: +966 11 238 5894
Fax: None
Email: info@obaidlaws.com
Website: www.obaidlaws.com

Professional Financial Due Diligence Advisor

RSM Allied Accountants Professional Consulting

Riyadh - Al-Urubah Road - Al-Ulaya District - Building No. 3193, First Floor
P.O. Box 12333, Riyadh 8325
Kingdom of Saudi Arabia
Tel: +966 11 416 9361
Fax: +966 11 416 9349
Email: Info@rsmsaudi.com
Website: RSM Saudi Arabia

External Auditor

(for the financial years ended 31 December 2022, 2023, and 2024, and the third quarter of 2025)

AlKharashi & Co. Certified Accountants and Auditors Company

Riyadh - Al-Maather North District - Al-Takhassusi Street
P.O. Box 8306, Riyadh 11482
Kingdom of Saudi Arabia
Tel: 920028229
Fax: +966 11 477 4924
Email: general@alkharashicaa.com
Website: www.alkharashicaa.com

الخراشي وشركاه
محاسبون ومراجعون قانونيون

Disclaimer

All of the above-mentioned independent advisors and accountants have given their written consent to the use of their names, logos, statements or reports (as applicable) in this document in the form and context in which they appear, and none of them has withdrawn their consent as of the date of this document.

Transfer Timeline Process

This section includes a timeline outlining the important dates for the issuer's shares to be transferred to the main market:

Expected Transfer Timeline	Date
Board of Directors approves the transfer to the main market	Tuesday 13/05/1445H (corresponding to 26/12/2023G)
Date of publication of the Board of Directors' report	Sunday 21/09/1445H (corresponding to 31/03/2024G) and then republished on Monday 17/02/1447H (corresponding to 11/08/2025G), and then republished on Tuesday 20/05/1447H (corresponding to 11/11/2025G).
Date of submission of the application to transfer to the main market	Monday, 24/06/1446H (corresponding to 15/12/2025G).
Date of obtaining approval from the Saudi Exchange	Wednesday 11/07/1447H (corresponding to 31/12/2025G)
The period for publishing the company's transfer document for inspection on the company's website, the market, and the financial advisor	Starts on Sunday 15/07/1447H (corresponding to 04/01/2026G) and ends on the Thursday 26/07/1447H (corresponding to 15/01/2026G), For ten (10) trading days.
Date of suspension/stoppage of trading of shares for the purpose of transferring them to the main market	Sunday 29/07/1447H (corresponding to 18/01/2026G)
Date of Last day of the shares trading suspension/stoppage period	Within a period not exceeding (5) five trading days from the suspension of trading in the company's shares.
Expected date of listing and commencement of trading of the company's shares on the main market	The date of transition to the main market will be announced on Tadawul website.

For more information, please refer to the website of the Saudi Exchange (www.saudiexchange.sa) the website of the financial advisor Value Capital Company (www.Valuecapital.sa), and the Company's website (www.alwasail.com).

Summary of Risks Factors

Any person wishing to invest in the Transition Shares must carefully review all the information contained in this document, including the risk factors set out below, before making an investment decision. The risks described below may not include all risks that the Company may face; additional factors that are unknown to the Company as of the date of this document may exist and could affect its operations.

1. Risks Related to the Company

- Risks related to the agreement signed with SABIC.
- Risks related to the inability to implement the Company's strategic plan.
- Risks related to the failure to obtain or renew licenses, permits, and certificates.
- Risks related to reliance on key employees and executive management.
- Risks related to employee errors or misconduct.
- Risks related to limited experience in managing companies listed on the Main Market.
- Risks related to non-compliance with the new Companies Law and the amendment of the Company's bylaws.
- Risks related to the availability of future financing.
- Risks related to changes in significant accounting standards and the introduction of new standards.
- Risks related to natural disasters.
- Risks related to operations and unforeseen business interruptions.
- Risks related to non-compliance with quality standards and specifications required by customers.
- Risks related to the concentration of the Company's revenues in pipe and fittings sales.
- Risks related to raw materials and fluctuations in their prices.
- Risks related to increased production costs.
- Risks related to the seasonality of the Company's business.
- Risks related to the transportation of the Company's products.
- Risks related to demand for the Company's products.
- Risks related to climatic conditions.
- Risks related to liability for warranty claims.
- Risks related to manufacturing defects.
- Risks related to inventory management.
- Risks related to the protection of trademarks and intellectual property rights.
- Risks related to financing agreements.
- Risks related to the loan agreement with the Saudi Industrial Development Fund (SIDF).
- Risks related to pledging the Company's assets.
- Risks related to working capital management.
- Risks related to the Company's inability to secure the workforce required for future expansion.
- Risks related to non-compliance with the Capital Market Law and its implementing regulations.

- Risks related to operating systems and information technology.
- Risks related to the Company's inability to retain its human resources.
- Risks related to the pricing of the Company's products.
- Risks related to material contracts.
- Risks related to the outbreak of infectious diseases or other threats to public health.
- Risks related to an increase in the Company's obligations.
- Risks related to inadequate presentation and disclosure in the financial statements in accordance with IFRS.
- Risks related to the classification of certain expenses or impairment items in a manner that may not reflect separate and clear presentation.
- Risks related to insufficient disclosure of performance obligations and revenue disaggregation under IFRS 15.
- Risks related to non-compliance with financial and non-financial covenants and conditions associated with long-term financing.
- Risks related to writing off receivables due from employees and related parties.
- Risks related to conflicts of interest and potential non-compliance by certain Board members with abstention-from-voting procedures, in breach of the Companies Law.
- Risks related to non-compliance with governance requirements concerning Board members' voting in the General Assembly.
- Risks related to non-compliance with Companies Law requirements relating to Board resolutions passed by circulation.
- Risks related to the lack of clarity regarding the term of the facilities agreement with The Saudi National Bank (SNB).
- Risks related to low rates of documentation of employment contracts and non-compliance with the requirements of the "Qiwa" platform.

2. Risks Related to the Market and Industry in Which the Company Operates

- Risks related to the Kingdom's economic performance.
- Risks related to political and economic instability in the Middle East.
- Risks related to non-compliance with the Companies Law requirements.
- Risks related to non-compliance with current laws and regulations and/or the issuance of new laws and regulations.
- Risks related to Value Added Tax (VAT).
- Risks related to fluctuations in supply and demand.
- Risks related to the Company's operations being subject to environmental, health, and safety laws and regulations.
- Risks related to changes in the mechanism for calculating zakat and income tax.
- Risks related to reduced consumer spending due to adverse economic conditions.
- Risks related to adverse fluctuations in interest rates.
- Risks related to the imposition of new fees or taxes.
- Risks related to the Competition Law and its implementing regulations.
- Risks related to changes in the regulatory environment that affect how the Company conducts its operations.
- Risks related to the discontinuation of government incentives supporting industrial development.

3. Risks Related to Securities Listed on the Main Market

- Risks related to failure to meet the liquidity requirements of the Main Market following the transition.
- Risks related to potential volatility in the share price.
- Risks related to forward-looking statements.
- Risks related to the potential issuance of new shares.
- Risks related to dividend distributions to shareholders.
- Risks related to effective control by existing shareholders after the transition.
- Risks related to the sale of a large number of shares in the market following the transition to the Main Market.
- Risks related to the suspension of trading or delisting of the Company's shares due to failure to publish its financial statements within the statutory period.

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Figures

1

Definitions and Terms

1- Definitions and Terms

The following table provides a list of definitions and abbreviations for terms used in this main market transfer document:

Defined Term or Abbreviation	Definition
Company/Issuer	Alwasail Industrial Company - a Saudi joint stock listed company.
The Board or Board of Directors	The company's Board of Directors.
Management, or senior management	The Company's Management.
Secretary	A board member or other person appointed by the board of directors as secretary. The secretary's duties and remuneration shall be determined by a decision of the board of directors if the articles of association do not contain provisions in this regard.
Articles of Association	The Company's Articles of Association.
Audit Committee	The Company's Audit Committee.
General Assembly	The General Assembly of the Company's Shareholders.
Ordinary General Assembly	The Ordinary General Assembly of the Company's Shareholders.
Extraordinary General Assembly	The Extraordinary General Assembly of the Company's Shareholders.
Government	The Government of the Kingdom of Saudi Arabia.
Kingdom	The Kingdom of Saudi Arabia.
Ministry of Commerce	Ministry of Commerce in the Kingdom of Saudi Arabia.
Zakat, Tax and Customs Authority	Zakat, Tax and Customs Authority (formerly the General Authority of Zakat and Income Tax).
Ministry of Human Re-sources and Social Development	Ministry of Human Resources and Social Development in the Kingdom of Saudi Arabia.
Ministry of Justice	Ministry of Justice in the Kingdom of Saudi Arabia.
Ministry of Industry and Mineral Resources	Ministry of Industry and Mineral Resources in the Kingdom of Saudi Arabia.
General Authority of Meteorology and Environmental Protection	General Authority of Meteorology and Environmental Protection in the Kingdom of Saudi Arabia.
Saudi Industrial Development Fund	The Saudi Industrial Development Fund (SIDF) is a government entity affiliated with the Ministry of Finance. It was established in 1394H (corresponding to 1974G) to develop industry in the Kingdom of Saudi Arabia and assist in establishing, developing, and expanding factories in the Kingdom by granting long-term loans at low costs and in compliance with the provisions of Islamic Sharia.
General Authority for Competition	The General Authority for Competition (formerly the Competition Council) is a financially and administratively independent government body established in 1439H (corresponding to 2018G). Its goal is to promote and encourage fair competition, combat unfair monopolistic practices, ensure the availability and diversity of high-quality goods and services at competitive prices, and encourage innovation.

Defined Term or Abbreviation	Definition
Companies Law	The Companies Law in the Kingdom of Saudi Arabia, issued by Royal Decree No. (M/132) dated 01/12/1443H (corresponding to 30/06/2022G), which entered into force on 26/06/1444H (corresponding to 19/01/2023G), and any amendments thereto.
Corporate Governance Regulations	Corporate Governance Regulations in the Kingdom of Saudi Arabia Issued by the Board of the Authority under Resolution No. (8-16-2017) dated 16/05/1438H (corresponding to 13/02/2017G), based on the Companies Law issued by Royal Decree No. (M/3) dated 28/01/1437H (corresponding to 10/11/2015G), and amended by the Resolution of the Board of the Capital Market Authority No. (8-5-2023) dated 25/06/1444H (corresponding to 18/01/2023G) and any amendments that may be made to it.
Rules for Offering Securities and Continuing Obligations	Rules for Offering Securities and Continuous Obligations issued by the Board of the Capital Market Authority under Resolution No. (3-123-2017) dated 09/04/1439H (corresponding to 27/12/2017G) based on the Capital Market Law issued by Royal Decree No. (M/30) dated 02/06/1424H (corresponding to 31/07/2003G), amended by the Authority's Board Resolution No. (8-5-2023) dated 25/06/1444H (corresponding to 18/01/2023G), amended by the Authority's Board Resolution No. (3-6-2024) dated 05/07/1445H (corresponding to 17/01/2024G), amended by the Authority's Board Resolution No. (3-114-2024) dated 04/04/1446H (corresponding to 07/10/2024G), and amend-ed by the Resolution of the Capital Market Authority's Board No. (1-53-2025) dated 21/11/1446H (corresponding to 19/05/2025G), and amended by the Authority's Board Resolution No. (1-135-2025) dated 03/06/1447H (corresponding to 24/11/2025G), and any amendments that may be made to it.
Listing Rules	Rules for Listing issued by Tadawul Company and approved by the Capital Market Authority Board Resolution No. (3-123-2017) dated 09/04/1439H (corresponding to 27/12/2017G), amended by its Resolution No. (1-104-2019) dated 01/02/1441H (corresponding to 30/09/2019G), amended by its Resolution No. (1-22-2021) dated 12/07/1442H (corresponding to 24/02/2021G), amended by its Resolution No. (1-19-2022) dated 12/07/1443H (corresponding to 13/02/2022G), amended by its Resolution No. (1-52-2022) dated 12/09/1443H (corresponding to 13/04/2022G), amended by its Resolution No. (3-96-2022) dated 10/02/1444H (corresponding to 06/09/2022G), amended by its Resolution No. (1-108-2022) dated 23/03/1444H (corresponding to 19/10/2022G), amended by its Resolution No. (4-114-2024) dated 04/04/1446H (corresponding to 07/10/2024G), amended by its Resolution No. (1-48-2025) dated 02/11/1446H (corresponding to 30/04/2025G), and amended by its Resolution No. (2-53-2025) dated 21/11/1446H (corresponding to 19/05/2025G), and amend-ed by the Authority's Board Resolution No. (2-135-2025) dated 03/06/1447H (corresponding to 24/11/2025G), and any amendments that may be made to it.
Capital Market Authority or the Authority	Capital Market Authority of the Kingdom of Saudi Arabia.
Saudi Stock Exchange, Financial Market, Stock Market, Market, or Tadawul	Saudi Tadawul Company (formerly known as the Saudi Stock Exchange), It is a subsidiary of the Saudi Tadawul Group. established pursuant to a Cabinet Resolution dated 29/02/1428 AH (corresponding to 19/03/2007 G), is a Saudi joint-stock company and the only entity authorized to operate as a stock exchange in the Kingdom of Saudi Arabia, listing and trading securities.
Main Market - TASI	The market in which securities that have been registered and offered under Chapter Four of the "Rules on the Offering of Securities and Continuing Obligations" are traded, and admitted for listing under Chapter Three of the "Listing Rules."

Defined Term or Abbreviation	Definition
Parallel Market - Nomu	The market in which stocks that have been registered and admitted for listing under Chapter Eight of the "Rules on the Offering of Securities and Continuing Obligations" and admitted for listing under Chapter Eight of the "Listing Rules" are traded.
Transfer	Submit an application to the Saudi Exchange Company (Saudi Exchange) to transfer the company's shares from the parallel market to the main market.
Shares of Current Share-holders Before Transfer-ring to the Main Market	100% of the total shares of the company's capital, which amounts to two hundred and fifty million (250,000,000) ordinary shares.
Share	An ordinary share with a nominal value of one (1) Saudi Riyal.
Nominal Value	One (1) Saudi Riyal per share.
Person	A natural or legal person.
Shareholder(s)	Holders of the company's shares for any specified period of time.
Substantial Shareholders	Shareholders of the issuer who own (5%) or more of the issuer's shares and whose names appear on the cover page of this document.
Investor	Any person who invests in the shares subject to the transfer to the main market.
Business Day	Any business day except Friday and Saturday, any day that is an official holiday in the Kingdom of Saudi Arabia, or any day on which banking institutions are closed in accordance with applicable laws and other government procedures.
Labor Law	Saudi Labor Law promulgated by Royal Decree No. M/51 dated 23/08/1426H (corresponding to 27/09/2005G) and its amendments.
Financial Statements	The audited financial statements of the Company for the fiscal years ended December 31, 2022, 2023, and 2024, and the reviewed interim financial statements for the six-month period ended June 30, 2025.
Fiscal Year/Fiscal Years	The period of time for displaying the results of an establishment's activity, the beginning and end of which are specified in the company's articles of association or bylaws. Note that the company's fiscal year ends on December 31 of each year.
H	Hijri calendar.
G	Gregorian calendar.
Transfer to Main Market Document / Document	This transfer document is the document required for the transition of shares to the Main Market, in accordance with the Listing Rules.
Advisers	The company's advisors, whose names are listed on page (E).
Financial Advisor	Value Capital Company.
The Company's external auditor for the fiscal years ended December 31, 2022 and 2023, and 2024, and for the Nine-month period ended September 30, 2025.	AlKharashi & Co. Certified Accountants and Auditors Company.
Professional Financial Due Diligence Advisor	RSM Allied Accountants Professional Consulting Company.

Defined Term or Abbreviation	Definition
Professional Legal Due Diligence Advisor	Mohammed Abdulkarim Al-Obaid Law Firm and Legal Consultants.
Tadawul	Automated system for trading Saudi stocks.
Control	According to the Glossary of Defined Terms Used in the Exchange Rules and the Glossary of Defined Terms Used in the Regulations and Rules of the Capital Market Authority (CMA), Control is defined as the ability to influence the actions or decisions of another person, directly or indirectly, acting alone or jointly with a relative or an affiliate, through any of the following: 1. Ownership of 30% or more of the voting rights in a company; or 2. The right to appoint 30% or more of the members of the governing body.
Public	The provisions of the Securities Offering and Continuing Obligations Rules mean persons other than those mentioned below: 1. Affiliates of the issuer. 2. Substantial shareholders of the issuer. 3. Members of the board of directors and senior executives of the issuer. 4. Members of the boards of directors and senior executives of affiliates of the issuer. 5. Members of the boards of directors and senior executives of major shareholders of the issuer. 6. Any relatives of the persons referred to in (1, 2, 3, 4, or 5) above. 7. Any company controlled by any of the persons referred to in (1, 2, 3, 4, 5, or 6) above. 8. Persons acting in concert and collectively owning (5%) or more of the class of shares to be listed.
Voting Rights	Voting rights in the issuer's general assemblies, noting that the issuer has only one class of shares, namely common shares. No shareholder has preferential voting rights, and each shareholder is entitled to one vote. Each shareholder, regardless of the number of shares he owns, has the right to attend and vote in the general assembly.
Risk Factors	It is a set of potential influences that must be understood and hedged against before making a decision to invest in stocks subject to transfer to the main market.
Related Party	The list of terms used in the Market Rules and the list of terms used in the Capital Market Authority's regulations are as follows: 1. Affiliates of the issuer, excluding companies wholly owned by the issuer. 2. Substantial shareholders of the issuer. 3. Members of the board of directors and senior executives of the issuer. 4. Members of the boards of directors of affiliates of the issuer. 5. Members of the boards of directors and senior executives of major shareholders of the issuer. 6. Any relatives of persons referred to in (1, 2, 3, or 5) above. 7. Any company or entity controlled by any person referred to in (1, 2, 3, 5, or 6) above. For the purposes of paragraph (6) of this definition, relatives shall mean the father, mother, husband, wife and children

Defined Term or Abbreviation	Definition
List of terms used in market rules	The list of terms used in the Market Rules issued by Tadawul and approved by the Capital Market Authority Board Resolution No. (2-17-2012) dated 08/06/1433H (corresponding to 29/04/2012G), amended by its Resolution No. (1-21-2021) dated 10/07/1442H (corresponding to 22/02/2021G), amended by its Resolution No. (1-22-2021) dated 12/07/1442H (corresponding to 24/02/2021G), amended by its Resolution No. (1-118-2021) dated 03/04/1443H (corresponding to 08/11/2021G), amended by its Resolution No. (1-2-2022) dated 30/05/1443H (corresponding to 03/01/2022G), amended by its Resolution No. (1-98-2022) dated 18/02/1444H (corresponding to 14/09/2022G), amended by its Resolution No. (1-41-2023) dated 25/10/1444H (corresponding to 15/05/2023G), amended by its Resolution No. (5-122-2024) dated 13/04/1446H (corresponding to 16/10/2024G), amended by its Resolution No. (2-53-2025) dated 21/11/1446H (corresponding to 19/05/2025G), and amended by its Resolution No. (1-57-2025) dated 28/11/1446H (corresponding to 26/05/2025G) and amended by the Resolution of the Capital Market Authority's Board No. (1-135-2025) dated 03/06/1447H (corresponding to 24/11/2025G).
List of terms used in the Capital Market Authority's regulations and rules	The list of terms used in the regulations and rules of the Capital Market Authority issued by the Capital Market Authority Board under Resolution No. (4-11-2004) dated 20/08/1425H (corresponding to 04/10/2004G), based on the Capital Market Law issued by Royal Decree No. (M/30) dated 02/06/1424H (corresponding to 31/07/2003G), amended by the Authority's Board Resolution No. (3-6-2024) dated 05/07/1445H (corresponding to 17/01/2024G), and amend-ed by the Authority's Board Resolution No. (1-54-2025) dated 23/11/1446H (corresponding to 21/05/2025G), and amended by the Authority’s Board Resolution No. (1-94-2025) dated 09/03/1447H (corresponding to 01/09/2025G) and amended by the Resolution of the Capital Market Authority's Board No. (1-135-2025) dated 03/06/1447H (corresponding to 24/11/2025G), and any amendments thereto.
International Financial Reporting Standards (IFRS)	A set of accounting standards and interpretations issued by the International Accounting Standards Board. (International Financial Reporting Standards) These are international financial reporting standards endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA). They include international standards, additional requirements and disclosures required by SOCPA, and other standards and pronouncements approved by SOCPA. These standards include technical standards and pronouncements related to matters not covered by international standards, such as zakat.
Saudi Organization for Chartered and Professional Accountants (SOCPA)	The Saudi Organization for Chartered and Professional Accountants in the Kingdom of Saudi Arabia.
Localization / Saudization	Labor regulations in the Kingdom of Saudi Arabia require companies operating in the Kingdom to employ a certain percentage of Saudis, or the replacement of Saudi nationals for expatriate workers in private sector jobs.
Nitaqat	The Saudization Program (Nitaqat) was approved by Ministerial Decision No. 4040 dated 12/10/1432H (corresponding to 10/09/2011G), based on Cabinet Resolution No. 50 dated 12/05/1415H (corresponding to 27/10/1994G). The Ministry of Human Resources and Social Development (formerly the Ministry of Labor and Social Development) launched the (Nitaqat) program to provide incentives for institutions to employ Saudi citizens. This program evaluates the performance of each institution based on specific categories: Platinum, Green, and Red.

Defined Term or Abbreviation	Definition
Capital Market Law	The Capital Market Law issued by Royal Decree No. (M/30) dated 02/06/1424H (corresponding to 31/07/2003G), and any amendments thereto.
Riyal	Saudi Riyal – The official currency of the Kingdom of Saudi Arabia.
Dollar	US Dollar – The official currency of the United States of America.
Vision 2030	The National Strategic Economic Program aims to reduce dependence on oil and the petrochemical industry, diversify the Saudi economy, and develop public services.
Value Added Tax (VAT)	On 02/05/1438H (corresponding to 30/01/2017G), the Council of Ministers approved the Unified Agreement for Value Added Tax (VAT) for the Gulf Cooperation Council (GCC) countries, which came into effect on January 1, 2018G, as a new tax added to the existing system of taxes and fees that must be implemented by specific sectors in the Kingdom and in GCC countries. The rate of this tax is (5%). The Government of the Kingdom decided to increase the VAT rate from 5% to 15% starting in July 2020G, while exempting certain products, including (basic food items and services related to healthcare and education).
Pandemic or Coronavirus "COVID-19"	It is a contagious viral disease known as the Coronavirus (COVID-19) for short. It began spreading in most countries around the world, including the Kingdom of Saudi Arabia, in early 2020G. As a result, the World Health Organization classified it as a global pandemic.
SABIC	Saudi Basic Industries Corporation.
Saudi Aramco or Aramco	Saudi Arabian Oil Company, a Saudi public joint-stock company.
Polyethylene pipes	They are pipes made of polyethylene, a material derived from natural gas or oil. They are classified as thermoplastic plastic products that can be melted and shaped according to demand.

2

Risk Factors

2- Risk Factors

Investing in the shares subject to the transfer to the Main Market involves high risks and may not be suitable except for investors who are able to evaluate the merits and risks of this investment and bear any loss that may result therefrom.

Any person wishing to invest in the shares subject to the transfer and trading in the Main Market must carefully study all the information contained in this document, including the risk factors outlined below, before making an investment decision in respect of the shares to be listed on the Main Market. The risks described below may not include all the risks that the company may face, and it is possible that there are additional factors not currently known to the company that could affect its operations.

The company's business, financial condition, future outlook, results of operations, and cash flows may be materially and adversely affected if any of the risks contained in this section, which the company's management currently considers material, were to occur or materialize. This is in addition to any other risks not identified by the Board of Directors or currently classified as non-material, but which may actually occur and become material.

If any of the risk factors that the Company’s management currently considers to be material were to occur or materialize, or if any other risks that the Company’s management has not been able to identify, or currently considers immaterial, were to occur, this could have a material adverse effect on the Company’s business, financial condition, results of operations, and future prospects. It may also result in a decline in the share price and impair the Company’s ability to distribute dividends to shareholders, and may cause investors to lose all or part of their investment in the shares. The members of the company's Board of Directors acknowledge that, to the best of their knowledge and belief, there are no other material risks as of the date of this document, other than those mentioned in this section, that could affect investors' decisions to invest in the shares subject to the transfer to the Main Market.

The risks and set out in this section, or in any other section of this document, may not include all risks that could affect the Company, its operations, activities, assets, or the markets in which it operates, and/or may not describe all risks associated with investing in the shares.

2-1 Risks related to the company

2-1-1 Risks Related to the Agreement Signed with SABIC

The company operates under a supply agreement signed with SABIC, which is the main supplier of the essential raw materials that the company relies on for manufacturing its products. The materials agreed to be supplied include high-density polyethylene, low-density polyethylene, and linear low-density polyethylene. This agreement was signed on 08/06/1444H (corresponding to 01/01/2023G) for a period of one year, subject to renewal with a written agreement between the two parties. The agreement also grants either party the right to terminate it by providing at least three months' prior written notice before its expiration date.

Under the provisions of this agreement, the company's continued access to the necessary raw materials for production operations is contingent on its full compliance with the terms and conditions of the agreement, particularly those related to the payment of financial dues on their specified dates. In the event the company defaults on payment or is late in fulfilling its financial obligations, the agreement grants SABIC the right to take immediate actions, including suspending the delivery of the agreed-upon raw materials or terminating the agreement in full or in part, which would directly threaten the continuity of the company's production operations.

Additionally, the agreement sets forth specific situations in which the company is considered to be in contractual default. These situations include its inability or unwillingness to fulfill its obligations, its subjection to liquidation, restructuring, or bankruptcy proceedings, the appointment of a judicial receiver over its assets, or its exposure to any decisions to halt or suspend its operational activities. In any of these cases, SABIC has the right to terminate the agreement and immediately stop the supply of raw materials, which would lead to a near-complete halt in production operations and pose significant challenges for the company in securing alternative materials, especially given the limited number of local suppliers and the high cost and time required for importation from abroad.

Given that the raw materials provided by SABIC represent the most crucial element in the production process, any disruption in the contractual relationship between the Company and SABIC, whether due to a failure to renew on suitable terms, a breach of any obligations, or circumstances beyond control that affect SABIC's ability to supply, will lead to a complete or partial disruption of production. This would directly affect the company's ability to meet customer demands and fulfill its contractual obligations, and could result in the company incurring fines and compensation as a result of contract breaches.

Moreover, the urgent need to search for alternative suppliers will be costly and burdensome, and the company may be forced to bear a significant increase in raw material costs, as well as shipping and storage fees, in addition to the possibility of a decline in the quality of alternative materials compared to those provided by SABIC. All of these factors combined could lead to higher operating costs, erosion of profit margins, and a decline in cash flows, which may limit the company's ability to implement its future expansion plans or fulfill its other financial obligations.

Based on this, the company's significant reliance on a single key supplier constitutes substantial operational and strategic risks, and any breach or disruption in the relationship with this supplier will have major negative effects on the continuity of the company's business, its financial position, its results of operations, and its future outlook.

2-1-2 Risks Related to the Inability to Implement the Company's Strategic Plan

The company's ability to increase its revenues and improve its profitability depends on the effective implementation of its business plans and the successful achievement of its strategy. The company's ability to expand its business in the future depends on its ability to continue to implement and improve its operational, financial, and administrative information systems efficiently and on time, as well as on its ability to increase, train, motivate, and manage its workforce. Furthermore, any business expansion plans the company intends to undertake in the future will be subject to estimated costs and a specific implementation timeline. The company may need to obtain additional financing to complete any expansion plans. If it is unable to implement the expansion plans according to the specified timeline and within the estimated project costs, or if the desired profitability from these projects is not achieved, which may be due to various reasons, including changes in the market conditions at the time of implementing these projects or a flaw in the feasibility study, or if the company is unable to obtain the necessary financing for its projects, this will have a substantial negative impact on the company's competitive position, and consequently on its results of operations, profitability, and future outlook.

2-1-3 Risks Related to the Non-obtainment or Non-renewal of Licenses, Permits, and Certificates

The Company is required to obtain and maintain various permits, licenses, and regulatory approvals related to its activities. These licenses include, but are not limited to: industrial facility licenses issued by the Ministry of Industry and Mineral Resources, company registration certificates issued by the Ministry of Commerce, trademark registration certificates, Saudization certificates, zakat certificates, value-added tax registration certificates, social insurance certificates, environmental operating licenses from the General Authority of Meteorology and Environmental Protection, and operating licenses for the Company's factories issued by the Saudi Industrial Property Authority. The Company has obtained all the regulatory licenses necessary for its current activity, and all of these licenses remain valid as of the date of this document.

If the Company is unable to renew its current licenses, permits, and certificates, or obtain any of the licenses necessary for its business, or if any of its licenses are suspended or expired, or if any of those licenses are renewed on terms unfavorable to the Company, or if the Company is unable to obtain additional licenses, permits, and certificates that may be required of it in the future, this may expose the Company to ceasing and refraining from carrying out its business, such as closing the Company or freezing all services provided to the Company by regulatory authorities (such as renewing licenses and certificates, issuing visas and residence permits, transferring sponsorships, etc.), or exposing it to financial penalties imposed by the authorities concerned with licenses, permits, and certificates, which will result in the Company’s operations being disrupted and it incurring additional costs, which in turn will have a negative and material impact on the Company’s business, results of operations, financial position, and future prospects.

2-1-4 Risks Related to Reliance on Key Employees and Executive Management

The company and its future plans for success rely on the expertise and competencies of its executive management and key employees. This group plays a vital role in ensuring the efficiency and quality of operational and administrative processes through effective management and sound operations. The company seeks to attract and employ qualified individuals to ensure the continuity of its business and enhance its competitiveness in the market.

However, the loss of any senior executives or key employees could negatively impact the company's ability to implement its strategies and achieve its operational and financial objectives. The loss of these employees could also disrupt the company's daily operations or impact business relationships with customers, suppliers, and strategic partners.

In addition, the company will need to increase its employees' salaries to retain qualified staff or to attract new replacements with appropriate qualifications and experience. If the company is unable to hire replacements with the same level of experience and qualifications, or if the cost of recruiting new employees is high and inappropriate for the company, this could negatively impact its profitability and financial structure.

Accordingly, any loss of senior executives or key employees, or the Company's inability to attract new staff with appropriate expertise and at an appropriate cost, could have a material adverse impact on the Company's business, results of operations, financial performance, and future prospects.

2-1-5 Risks Related to Employee Errors or Misconduct

The company may face risks arising from employee errors or misconduct. The company cannot guarantee that all risks associated with its employees' actions will be eliminated. These risks may include fraud, intentional errors, embezzlement, fraud, theft, forgery, misuse of company property, or acting on its behalf without the required administrative authorization. Although the company has implemented policies and control procedures to mitigate these risks, the possibility of their occurrence cannot be ruled out.

If any of these errors or illegal behaviors occur, the company may face financial and legal consequences, including additional contractual obligations, compensation claims, or regulatory penalties imposed by the competent authorities. Such actions may also damage the company's reputation, potentially affecting its relationships with customers, investors, and business partners.

In addition, operational errors could lead to business disruption or direct financial losses, especially if they affect the quality of services provided or result in a breach of contractual terms with clients. If the company is unable to take immediate corrective action or strengthen its internal control systems, these risks could be exacerbated, potentially significantly impacting the stability of its operations.

Accordingly, any errors or misconduct by employees may result in financial and legal consequences and responsibilities for the Company, which may have a material adverse impact on its reputation, financial position, results of operations, and future prospects.

2-1-6 Risks Related to Lack of Experience in Managing Companies Listed on the Main Market

Although the Issuer's senior management has more than two years of experience managing a publicly listed company on the Parallel Market, their experience may be relatively limited due to the Issuer's recent listing. Their experience may also be insufficient to manage joint-stock companies listed on the Main Market, nor to comply with the rules and regulations applicable to joint-stock companies listed on the Main Market, such as the more stringent continuous disclosure requirements for companies listed on the Main Market. Accordingly, the Issuer's senior management must make additional efforts to ensure its compliance with the rules and regulations imposed on companies listed on the Main Market. Failure to comply with these rules or to meet governance and disclosure requirements may expose the company to regulatory penalties and fines, which will have a material adverse impact on its business, prospects, and financial position.

2-1-7 Risks Related to Non-Compliance with the New Companies Law and the Amendment of the Company's Articles of Association

The government announced on 29/11/1443H (corresponding to 28/06/2022G) its approval of a new Companies Law by virtue of Royal Decree No. (M/132) dated 01/12/1443H (corresponding to 30/06/2022G) to replace the previous law. This new law entered into force 180 days from the date of its publication in the Official Gazette. The Royal Decree includes in paragraph (Third) that existing companies shall amend their status in accordance with the provisions of the law within a period not exceeding two years starting from the date of its entry into force. The company has aligned with the new Companies Law.

The Companies Law, issued by virtue of Royal Decree No. (M/132) dated 01/12/1443H (corresponding to 30/06/2022G), imposes certain legal requirements that the company must comply with. This necessitates that the company take actions and measures to adhere to such requirements, which may affect its business plan or take a long time. The Companies Law also imposes strict penalties for violating its mandatory provisions and rules, which, according to Article (262), can reach (500,000) Saudi Riyals. Article (263) of the Companies Law also stipulates that penalties shall be doubled in the event of repeated violations. Although the company has not previously violated the Companies Law and thus has not been subject to any of these penalties, it will be exposed to such penalties if it fails to comply with these rules and provisions in the future. In the event that any penalty is imposed against it, this may negatively affect its business, results of operations, profits, and future business plans.

2-1-8 Risks Related to the Future Availability of Financing

The company relies on the availability of financing to support its operations and expansion plans, whether through internal cash flows or external financing sources such as bank loans, credit facilities, or capital increases. However, there is no guarantee that the company will be able to secure the required financing in the future on favorable terms or in a timely manner.

The company may face challenges in obtaining additional financing due to various factors, such as changes in economic conditions, rising interest rates, changes in lending policies by banks and financial institutions, or a downgrade in its credit rating. If the required financing is not available, the company may be forced to postpone or cancel some of its expansion projects or reduce its business volume, which could negatively impact its competitiveness and financial performance.

In addition, the company's reliance on credit facilities and loans may increase its financial obligations and raise financing costs, which could impact profit margins and cash flows. Failure to meet financial obligations on time may result in financial penalties or limit the company's ability to obtain additional financing in the future.

Accordingly, any future shortage of financing or difficulty in obtaining it on favorable terms may have a material adverse effect on the Company's ability to achieve its operational and expansion objectives, which may adversely affect its business, financial condition, results of operations, and future prospects.

2-1-9 Risks Related to Changes in Significant Accounting Standards and New Standards

The company's financial statements for the audited fiscal years ended on December 31, 2023G and 2024G and the accompanying notes have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted in the Kingdom of Saudi Arabia and the standards and other pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA). The company is obligated in this case to apply the amendments or changes that occur to these standards from time to time.

Additionally, the recent application of the International Financial Reporting Standards (IFRS) as adopted in the Kingdom may result in significant changes to the company's financial statements in the coming years. Consequently, any changes in these standards or the mandatory application of some new standards could have a substantial negative impact on the financial statements and, therefore, on the company's financial results, financial position, and future outlook.

New and amended standards that have no material impact on the financial statements:

The following are the recent changes to International Financial Reporting Standards that must be applied for annual periods beginning on January 1, 2025G:

- **Amendments to IFRS 16 – Lease Liabilities in Sale and Leaseback Transactions:**

  These amendments include requirements for sale and leaseback transactions in IFRS 16 to clarify how an entity accounts for sale and leaseback transactions after the transaction date. Sale and leaseback transactions in which some or all of the lease payments are considered variable lease payments depend on an index or rate that is highly likely to be affected.

- **Amendments to IAS 1 – Non-current Liabilities with Commitments and Classification of Liabilities as Current or Non-Current:**

  These amendments clarify how compliance with conditions that an entity must comply with within twelve months after the reporting period affects the classification of liabilities.

- **Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements:**

  These amendments require disclosures to enhance the transparency of supplier financing arrangements and their effects on an entity's liabilities, cash flows, and exposure to liquidity risk.

Standards and amendments issued but not yet effective:

The following is a list of new and amended standards and interpretations issued but not yet effective up to the date of issuance of the Company's financial statements. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

- **Amendments to IAS 27 – Non-Convertibility:**

  The standards are affected by the amendments when it has a foreign currency transaction or operation that is not convertible into another currency at the measurement date for a specific purpose.

- **Amendments to IFRS 9 and IAS 7 – Classification and Measurement of Financial Instruments:**

  - Clarification of the timing requirements for recognition and derecognition of certain financial assets and liabilities, with a new exception for certain financial liabilities settled through an electronic cash transfer system.
  - Clarification and addition of further guidance for assessing whether a financial asset meets the criterion of payments of principal and interest only.
  - Adding new disclosures for some instruments with contractual terms that could alter cash flows (such as some instruments with features linked to achieving environmental, social, and governance objectives).
  - Updates to disclosures for equity instruments designated at fair value through other comprehensive income.

- **IFRS 18 – Presentation and Disclosure in Financial Statements:**

  The new standard for presentation and disclosure in financial statements, with a focus on updates to the profit and loss statement. Key new concepts introduced in IFRS 18 include:

  After the amendments, it focuses on some changes that should be included in the financial statements as follows:

  - The structure of the statement of profit or loss;
  - The disclosures required in the financial statements for some profit or loss performance measures that are reported outside the entity's financial statements (i.e., management-defined performance measures); and
  - The enhancement of the aggregation and classification principles that apply to interim financial statements and notes in general.
  - The above-mentioned standards are not expected to have a material impact on the company's financial statements.

Based on the above, the application of previously applied standards or new standards and amendments to previously applied standards will lead to similar changes in subsequent fiscal years or other changes that may be material and whose effect has not yet appeared or may be unknown to the company. This may result in substantial changes to the company's financial statements in the coming years. Consequently, any changes in these standards or the mandatory application of certain new standards could have a substantial negative impact on the financial statements and, therefore, on the company's financial results, financial position, and future outlook.

2-1-10 Risks Related to Natural Disasters

The company may be exposed to risks resulting from natural disasters such as earthquakes, floods, storms, fires, extreme heat waves, and other natural phenomena that may affect its operations, facilities, and assets. Although the company takes the necessary precautionary measures to mitigate the impact of such disasters, there is no guarantee that they will not occur or that the damages that may result from them will be avoided.

Any damage resulting from natural disasters that may affect the Company's facilities and assets, such as floods, fires, earthquakes, and other natural events, may result in significant and significant costs for the Company, especially in cases where adequate insurance coverage is not available (except for insured properties) or is not available on commercially reasonable terms.

If the company incurs costs as a result of natural disasters, this could severely impact its ability to conduct operations and fulfill its contractual obligations, potentially leading to project disruptions or contract delays, thus negatively impacting its operating results.

Damage to the company's facilities and assets resulting from natural disasters may disrupt operations, increase operating costs to rebuild or repair damaged facilities, or find alternative solutions to ensure business continuity. The company may also face difficulties in obtaining adequate or timely insurance coverage to cover all losses resulting from these disasters.

In the event of large-scale natural disasters, they may impact the overall economic situation, supply chains, and financial markets, potentially leading to a decrease in demand for the company's services or difficulty securing essential materials and services to continue operations.

Accordingly, any natural disasters may have a material adverse impact on the Company's business, results of operations, financial position, and future prospects.

2-1-11 Risks Related to Operations and Unforeseen Business Stoppages

The company's operational continuity fundamentally depends on the effectiveness and efficiency of its production lines and work systems in its industrial facilities. Like other industrial facilities, the company's factories and production plants are exposed to a wide range of operational risks that could lead to unexpected business stoppages or partial or complete production disruption. These risks include, for example, sudden technical malfunctions in key equipment and machinery, production line stoppages due to technical defects or electrical failures, in addition to human errors, shortcomings in the application of periodic maintenance procedures, or the failure of operating and computer systems that manage production and control operations.

The company is also exposed to risks from natural disasters such as fires, floods, or sandstorms, and other weather or environmental conditions that may affect the efficiency of operations, the safety of facilities, the flow of raw materials, or the readiness of the workforce. Additionally, any interruption in energy or electricity supplies, whether due to malfunctions in the public grid or internal technical issues, could lead to a total or partial halt in production, resulting in direct and indirect losses associated with production downtime, loss of part of the raw materials or work-in-progress products, or the need for urgent repairs or replacement of damaged equipment.

In the event of an unexpected halt in operational activities, the company may face difficulty in fulfilling its obligations to its customers in terms of product delivery dates or agreed-upon quantities, which may lead to the imposition of delay penalties or contract cancellations by customers, especially in projects that require delivery on specific dates. Repeated incidents of unexpected stoppages may also negatively affect the company's reputation and reliability in the market, which could weaken its competitive position against current and potential customers.

Although the company applies periodic maintenance policies and procedures for equipment and production lines and seeks to enhance occupational and industrial safety standards to limit operational risks, these measures do not provide complete protection against all potential risks. Accordingly, any unexpected business stoppage, sudden production breakdown, or serious damage to operational facilities could have a substantial negative impact on the company's operational performance, results of operations, financial position, and future outlook, especially if the stoppage lasts for long periods or requires high capital expenditures to repair the damage and restore operational activities.

2-1-12 Risks Related to Non-Compliance with Quality Standards and Specifications Required by Customers

There is no guarantee that the company will always be able to continue to deliver the same level of quality. Failure to do so could negatively impact its reputation with customers, leading them to abandon the company and seek other suppliers, potentially leading to the loss of existing contracts or a reduced chance of securing new projects.

Any decline in quality could lead to customer rejection of services, project delays, contractual penalties, or even contract cancellation, potentially impacting the company's sales and operating revenues. Furthermore, failure to adhere to required specifications and standards could increase operating costs due to the need to rework or correct errors, potentially impacting profit margins and financial results.

Furthermore, the company may face challenges in keeping pace with changing customer expectations and increasing quality requirements, which may require additional investments in improving its operations, developing internal control procedures, and enhancing employee training. Failure to adapt to these requirements could affect its competitive position in the market.

Accordingly, any decline in quality or non-compliance with customer specifications could have a material adverse impact on the Company's reputation, sales, operating results, financial performance, and future prospects.

2-1-13 Risks Related to the Concentration of the Company's Revenues on Sales of Pipes and Fitting

The company relies mainly on the sales of pipes and fittings as a primary source of its revenues, as these products constituted the largest part of the company's total sales during the past fiscal years. According to the financial data, the contribution of pipe sales amounted to (61.1%), (71.6%), (73.4%), and (78.5%) of total revenues during the years ended December 31, 2022G, December 31, 2023G, December 31, 2024G, and June 30, 2025G, respectively, while sales of fittings amounted to (14.6%), (15.1%), (16.4%), and (10.0%) of total revenues during the years ended December 31, 2022G, December 31, 2023G, December 31, 2024G, and June 30, 2025G, respectively, which reflects the company's significant reliance on these two products as main sources of its revenues and operating profits.

This high concentration in the pipes and fittings sectors poses strategic risks to the company, as it makes it more vulnerable to fluctuations in the demand for these products or any regulatory, environmental, or economic changes that affect the market for pipes and fittings, whether at the government or private sector level. In the event of a decline in demand volume as a result of a delay in government projects, a decrease in investments in the infrastructure sector, or the emergence of competing technologies that reduce the need for the company's products, this will directly and substantially affect the level of sales and business volume.

Furthermore, the heavy reliance on specific sectors without achieving a sufficient level of product or sector diversification increases the sensitivity of the company's financial performance to any fluctuations in the markets associated with these sectors. For example, if infrastructure projects or water and sanitation projects in the Kingdom are subject to any delay, rescheduling, or cancellation, this will lead to a direct decrease in the volume of demand for the company's main products, which could result in a significant decline in the company's revenues and operating profits.

The company's ability to maintain its market share in these sectors also represents an ongoing challenge in light of increasing competition from local and regional companies. The company may be forced to offer price discounts or improve payment terms to maintain its customer base and market share, which in turn could impact profit margins.

Accordingly, any decline in demand for pipes and fittings, loss of market share to competitors, changes in government project priorities, or the company's inability to diversify its products or target sectors will result in a significant decline in the company's sales and operating profits, which will have a material and negative impact on its business results, financial position, and future prospects.

2-1-14 Risks Related to Raw Materials and Changes in Their Prices

The company relies primarily on the availability of raw materials for its manufacturing operations, particularly polyethylene, the main component in the manufacture of pipes and the company's primary product. Polyethylene prices are subject to constant fluctuations due to multiple factors, most notably changes in oil prices, the primary source of this material, in addition to changes in global and regional demand, geopolitical unrest, environmental and regulatory changes, and disruptions to global supply chains. This leaves the company vulnerable to the risk of sudden cost increases that are difficult to predict or control.

Due to the lack of long-term supply contracts that guarantee stable prices and regular supply of raw materials, the company relies primarily on periodic purchase orders based on its operational needs. This increases its exposure to momentary price fluctuations compared to some competitors, who may enjoy a competitive advantage by obtaining contracts with preferential or stable prices. Although the company maintains strategic inventory to reduce the risk of supply shortages or sudden price increases, this solution has limited impact in the face of prolonged crises or sharp price increases.

If raw material prices rise significantly, the company may face difficulty passing these increases on to its customers due to prior contractual obligations or competitive market pressures, which could significantly erode profit margins. Furthermore, the company's reliance on alternative suppliers or the search for lower-cost alternative raw materials could impact the quality of its final products, exposing the company to reputational risks and the loss of customer trust, especially as the market shifts toward high-quality products.

Accordingly, any shortage of raw materials or a sharp increase in their prices, coupled with the Company's inability to manage costs or adjust its product prices appropriately, will have a material adverse impact on the Company's business results, operational performance, financial position, and future prospects. This makes the volatility of raw material prices one of the most prominent and significant operational and strategic risks facing the Company, requiring effective proactive management to mitigate its potential impact.

2-1-15 Risks Related to Increased Production Costs

The company relies mainly in its production on raw materials obtained from external parties, foremost among which is polyethylene used in the manufacturing of pipes and fittings, which are the two main products that constituted a large part of the company's revenues during the past years. The contribution of sales of pipes and fittings amounted to (61.1%) and (14.6%) of the company's total revenues as of December 31, 2022G, (71.6%) and (15.1%) as of December 31, 2023G, (73.4%) and (16.4%) as of December 31, 2024G, and (78.5%) and (10.0%) as of June 30, 2025G, which reflects the significant reliance on these products as a main source of revenues.

In addition to raw materials, the company bears other production costs including rents, fuel, water and electricity consumption, service fees, labor costs, maintenance, and insurance premiums. All of these costs are subject to fluctuations as a result of economic and regulatory changes, whether local or global. Any significant or sudden increase in these costs or in raw material prices will lead to a direct rise in production costs, which pressures profitability.

In light of the strong market competition, the company may face difficulty in fully passing on these increases to customers, either due to its contractual obligations or the need to maintain its market share, which leads to the erosion of profit margins. Given that pipes and fittings constitute a large percentage of revenues, any significant increase in the production costs of these specific products will have a material impact on the company's financial performance.

If the pressures associated with rising production costs continue without the company's ability to offset them by raising prices or improving operational efficiency, this will lead to a decline in the company's profitability and its ability to expand. It may also weaken its financial position and reduce its competitiveness, which will have a substantial negative impact on its results of operations and future outlook.

2-1-16 Risks Related to the Seasonality of the Company's Business

The company's sector, like other sectors, is affected by fluctuations in supply and demand in the market. Therefore, and by virtue of the nature of the company's activity, the company's sales significantly increase in the winter season compared to the summer season. Therefore, if the production levels of the company's products do not adapt to any sharp decrease in demand for the company's products in the market, this may lead the company to incur additional costs, especially additional storage costs, and thus will negatively and materially affect the company's performance, results of operations, financial position, and future outlook.

2-1-17 Risks Related to the Transportation of the Company's Products

The company provides transportation and shipping services for its products to its customers within the Kingdom through a wholly-owned fleet of vehicles, in addition to using leased transportation vehicles to cover some operational needs when necessary. With regard to shipping products to customers outside the Kingdom, the company relies on external transportation service providers, bearing the costs of international transport and shipping, which exposes it to fluctuations in global shipping and logistics prices. The company also bears the responsibility of compensating customers for any damage to goods before they are received by them if it is proven that the damage resulted from negligence or default on the part of the company or the entities it contracted with.

The continuous availability of transportation means is one of the essential factors to ensure the continuity of operational processes and the company's ability to fulfill its contractual obligations with its customers. Consequently, any disruption or decrease in the efficiency of the transportation fleet due to frequent technical failures, delays in implementing periodic maintenance plans, shortage of spare parts, or high operating costs such as fuel, maintenance, and driver wages, may lead to a partial or complete hindrance in the company's ability to deliver products on agreed-upon dates, which may expose it to delay penalties or the loss of some customers to competitors.

The company is also exposed to regulatory risks related to the transportation sector, including changes in regulatory requirements or the imposition of new regulations related to transportation and distribution operations, or amendments to road tolls or customs duties in foreign markets. These changes may unexpectedly increase transportation and shipping costs, affecting the company's overall cost structure. Additionally, any increase in international transportation costs due to geopolitical tensions, supply chain disruptions, or increased demand for global transportation and shipping services may lead to a significant increase in operating expenses, especially if the company is unable to pass these increases on to customers.

Accordingly, any disruptions or sharp increases in transportation costs or temporary or continuous disruptions in the availability of transportation means, whether within or outside the Kingdom, in addition to any compensatory obligations borne by the company towards its customers due to damage to goods during transportation as a result of negligence by the company, will lead to a substantial negative impact on the company's business, results of operations, financial position, and future outlook.

2-1-18 Risks Related to Demand for the Company's Products

Sales of pipes and fittings represent the main sources of income for the company, as they constituted (61.1%) and (14.6%) of the company's total revenues as of December 31, 2022G, respectively, and (71.6%) and (15.1%) of the company's total revenues as of December 31, 2023G, respectively, and (73.4%) and (16.4%) of the company's total revenues as of December 31, 2024G, respectively, and (78.5%) and (10.0%) of the company's total revenues as of June 30, 2025G, respectively. Therefore, a decrease in demand for pipes and fittings products due to any factors, including, for example, seasonal factors, economic changes, changes in consumer behavior and purchasing power, increased competition, or a decrease in the price at which the company sells those products, may have substantial negative impacts on the company's sales and consequently on its results of operations, financial position, and future outlook.

2-1-19 Risks Related to Climatic Conditions

The company, by virtue of the nature of its business and its reliance on local and international supply chains, faces increasing risks associated with climate change and unstable weather patterns. Sharp increases in temperatures, changes in rainfall rates, or extreme weather phenomena such as sandstorms or floods, may affect the efficiency of transportation and supply operations from both local and international suppliers, leading to increased shipping and transportation costs, either due to delayed shipments or the need to use more expensive alternative routes. Any climatic disruptions may also require storing raw materials for longer periods in ports or warehouses, which increases storage costs and raises the risks of damage or deterioration in the quality of raw materials, especially materials sensitive to environmental factors.

At the internal operations level, severe climate changes may affect the continuity of production operations in the factory due to the malfunction of some equipment because of high temperatures or the need to temporarily stop production to ensure the safety of workers in the facility, in addition to increased energy consumption for cooling facilities or creating suitable working conditions. Harsh climate conditions may also lead to delays in the delivery of products to some customers, especially in areas outside the geographical proximity of the factory site, which may affect the service level and expose the company to the risks of losing some customers or paying compensation. Accordingly, any severe or continuous climate changes will have a substantial negative impact on the company's operational performance, financial results, and future outlook.

2-1-20 Risks Related to Liability for Warranty Claims

The company provides a warranty for the products it offers to its customers, such as warranties against manufacturing defects and materials. In the event of warranty claims, the company may be forced to repair or replace the product covered by the warranty at the company's expense. If the company is unable to fulfill its warranty obligations, this will have a substantial negative impact on the company's reputation, in addition to the company incurring any costs or compensation resulting from any judgments issued against the company related to any claims regarding the warranties provided by the company, which will have a substantial negative impact on the company's business outlook, results of operations, financial position, and future prospects. The company is also exposed to risks associated with the failure of its suppliers to fulfill their warranty obligations to the company, as the company may bear the costs of repairing or replacing defective materials for which it has not received compensation. Accordingly, the costs incurred as a result of warranty claims will have a substantial negative impact on the company's business, financial position, results of operations, and future outlook.

2-1-21 Risks Related to Manufacturing Defects

The company's business revolves around the production and sale of pipes and rubber products, which require adherence to precise quality standards to ensure their conformity with the technical and regulatory specifications required by the relevant authorities, in addition to meeting customer expectations in terms of quality and durability. Due to the nature of manufacturing operations, the company is exposed to the emergence of manufacturing defects, whether as a result of flaws in raw materials, operational errors during manufacturing processes, or misuse or negligence by some employees in adhering to quality procedures. These risks increase in light of the multiple stages of production, storage, and transportation, as some defects may occur during the transportation or handling of products before they reach customers. Any defective products discovered after delivery may expose the company to the risks of withdrawing products from the markets or replacing them, leading to additional costs and direct damage to the company's reputation in the market.

In the event that manufacturing defects result in complaints or legal claims from customers or regulatory bodies, the company may face direct legal liability for these products, including bearing financial compensation, regulatory fines, or supervisory measures that may affect the company's continuity in some markets or projects. The recurrence of these defects also affects customer confidence in the quality of the company's products and prompts them to seek alternatives from competing companies, which affects the company's market share and its ability to attract new customers. Accordingly, any increase in manufacturing defect rates or an increase in claims related to product quality will have a substantial negative impact on the company's results of operations, financial position, and future outlook.

2-1-22 Risks Related to Inventory Management

The inventory balance amounted to (156,939,971) Saudi Riyals, (179,049,836) Saudi Riyals, (195,749,721) Saudi Riyals, and (204,779,672) Saudi Riyals as of December 31, 2022G, December 31, 2023G, December 31, 2024G, and June 30, 2025G, respectively. The company also created a provision for slow-moving and obsolete inventory, which amounted to (10,502,814) Saudi Riyals, (10,502,814) Saudi Riyals, (10,502,814) Saudi Riyals, and (11,200,296) Saudi Riyals as of December 31, 2022G, December 31, 2023G, December 31, 2024G, and June 30, 2025G, respectively. The following table shows the details of the company's inventory as of December 31, 2022G, December 31, 2023G, December 31, 2024G, and June 30, 2025G, respectively:

Table (1): The Company's Inventory Details

Statement	Fiscal year ending December 31, 2022G		Fiscal year ending December 31, 2023G		Fiscal year ending December 31, 2024G		Financial period ending June 30, 2025G	
	Value (Saudi Riyals)	Percentage of total inventory (%)	Value (Saudi Riyals)	Percentage of total inventory (%)	Value (Saudi Riyals)	Percentage of total inventory (%)	Value (Saudi Riyals)	Percentage of total inventory (%)
Finished goods	113,827,591	67.98%	119,683,551	63.14%	140,890,469	68.06%	147,530,027	68.31%
Raw materials	41,036,752	24.51%	53,113,001	28.02%	52,323,143	23.02%	54,562,535	25.26%
Goods under production	6,434,506	3.84%	7,912,808	4.17%	5,049,217	4.18%	6,571,933	3.04%
Spare parts and packaging materials	6,143,936	3.67%	8,843,290	4.67%	7,989,706	4.74%	7,315,473	3.39%
Inventory	**167,442,785**	**100.00%**	**189,552,650**	**100.00%**	**206,252,535**	**100.00%**	**215,979,968**	**100.00%**
Provision for slow-moving inventory	(10,502,814)		(10,502,814)		(10,502,814)		(11,200,296)	
Net inventory	**156,939,971**		**179,049,836**		**195,749,721**		**204,779,672**	

Source: Audited financial statements and the company.

The following table shows the movement of the slow-moving inventory provision as of December 31, 2022G, December 31, 2023G, December 31, 2024G, and June 30, 2025G:

Table (2): Movement of the slow-moving goods provision

Movement of the slow-moving goods provision	Fiscal year ending December 31, 2022G	Fiscal year ending December 31, 2023G	Fiscal year ending December 31, 2024G	Financial period ending June 30, 2025G
	Value (Saudi Riyals)	Value (Saudi Riyals)	Value (Saudi Riyals)	Value (Saudi Riyals)
Balance as of January, 1	13,800,574	10,502,814	10,502,814	10,502,814
Provision for the year	1,500,000	0	0	697,482
Exclusion from provision for the year	(4,797,760)	0	0	0
Balance at the end of the year	**10,502,814**	**10,502,814**	**10,502,814**	**11,200,296**

Source: Audited financial statements and the company.

The company creates a provision for obsolete and slow-moving inventory, and the estimates of the net realizable value of inventory are based on the most reliable evidence available at the time the estimates are made. These estimates take into account fluctuations in prices or costs directly related to events occurring after the statement of financial position date to the extent that confirms the conditions of these events existed at the year-end. The company's policy is to strive to maintain an optimal level of inventory to control inventory holding costs and increase working capital efficiency, while ensuring timely delivery of goods and maintaining the quality of products available to customers. If the company is unable to maintain optimal inventory levels and periodically monitor inventory, this will lead to a severe decrease or a surplus in inventory levels, which may cause the company to incur losses due to its inability to meet customer requirements in the first case, or dispose of inventory in the second case, which will negatively and materially affect the company's commercial operations, financial position, and results of operations.

2-1-23 Risks Related to Trademark and Intellectual Property Rights Protection

The company's ability to market its services and products and develop its business relies on the use of its name, logo, trademarks, and intellectual property rights, which support its business and competitive position and give it a clear distinction in the market among customers, noting that the company has obtained an intellectual property certificate from the Saudi Authority for Intellectual Property. (Please refer to section (6.12) "Trademarks and Intellectual Property Rights" from section (6) "Legal Information and Board of Directors Declarations" of this document). However, it cannot guarantee full protection of these rights from infringement or unauthorized use by other parties. The company may face risks related to the registration or protection of its trademark, or its exposure to infringements by competitors or other parties, which may negatively affect its reputation and market value.

The company may also face legal challenges in the event of disputes regarding intellectual property rights, such as patents, copyrights, or commercial secrets, which may entail high legal costs to defend or recover these rights. If it is unable to effectively enforce its rights or is subject to lawsuits related to the use of third-party intellectual property, it may face fines or financial compensation that substantially and negatively affect its financial performance and results of operations.

Furthermore, the inability to adequately protect trademarks and intellectual property rights may lead to a loss of competitive advantage in the market, and the company may be negatively affected if it decides to expand its operations into new markets where intellectual property protection laws and regulations differ.

Accordingly, any challenges related to the protection of trademarks and intellectual property rights may have a substantial negative impact on the company's business, results of operations, financial performance, and future outlook.

2-1-24 Risks Associated with Financing Agreements

As of the date of this document, the company has (2) financing agreements with each of the Saudi Awwal Bank and Al-Bilad Bank. The following is a summary of the financing agreement concluded by the company with the banks:

- **Sharia-compliant facility agreement with the Saudi Awwal Bank**

Table (3): Sharia-compliant facilities agreement with the Saudi Awwal Bank

Agreement Date	The banking facilities agreement was concluded on 30/03/1446H (corresponding to 03/10/2024G).
Borrower	The Company
Type of Facility	1. Letter of credit facilitation. 2. Letter of guarantee facilitation. 3. Import financing facilitation.
Duration	1. Letter of Credit Facilitation (one year from the date of the offer letter). 2. Letter of Guarantee Facilitation (one year from the date of the offer letter).
Facility Value	A total value of forty-five million (45,000,000) Saudi Riyals only.
Payment Date	Import financing facilitation (210 days from the date of use).
Profit Margin/Commission	1. Letter of Credit Facility and Letter of Guarantee Facility for the purpose of issuing guarantees (SAMA tariff + 0.5% per annum). 2. Import Finance Facility (SAIBOR + 2.0% per annum).
Guarantee Documents	1. A promissory note in the amount of (45,000,000) Saudi Riyals signed by the client.
Unusual Provisions	None

Source: The Company

- **Sharia-compliant facility agreement with Al-Bilad Bank**

Table (4): Sharia-compliant facilities agreement with Al-Bilad Bank

Agreement Date	The banking facilities agreement was concluded on 18/07/1445H (corresponding to 30/01/2024G).
Borrower	The Company
Type of Facility	1. Sale on credit - long-term financing.
Duration	1. Participation accreditation – by sight, local, deferred accreditation (8 months). 2. Sale on credit – working capital financing (8 months). 3. Sale on credit – long-term financing (24 months).
Facility Value	A total amount of eight hundred and thirty-three thousand seven hundred and seventy-two Saudi Riyals (SAR 833,772) only.
Payment Date	1. The date of payment of the final installment is 30/07/1447H (corresponding to 19/01/2026G).
Profit Margin/Commission	8.245
Guarantee Documents	Joint and several guarantees for damages and performance by the members of the Board of Directors.
Unusual Provisions	None

Source: The Company

In the event the company renews and/or enters into any financing agreements, the financing parties may request other guarantees beyond those provided for expired financing agreements against loans and credit facilities, and if the company is unable to provide them, this will place the company in breach of the agreement's terms. If the company is unable to meet its repayment obligations under the loan and credit facility agreements, or is unable to provide any other guarantees that the bank may request, or breaches any of its debt obligations or covenants in the future, the lending party may demand immediate repayment of the debt and collect the guarantees provided by the company. In this case, the company may not be able to obtain sufficient alternative financing sources to meet the debt repayment. Any of these factors will have a substantial negative impact on the company's business, financial position, and future outlook.

2-1-25 Risks Related to the Saudi Industrial Development Fund Loan Agreement

The company entered into a loan agreement with the Saudi Industrial Development Fund on 22/03/1444H (corresponding to 18/10/2022G), with a total value of thirty-four million nine hundred thousand (34,900,000) Saudi Riyals, repayable in prespecified installments and dates in the agreement for the purpose of financing the Alwasail Industrial Company factory branch in the First Industrial City in Qassim. The loan repayment shall commence in 13 semi-annual ascending installments. Below is a summary of the loan agreement with the Saudi Industrial Development Fund:

Table (5): Facilities/Financing Agreement with the Saudi Industrial Development Fund

Agreement Date	08/02/1443H (corresponding to 15/09/2021G).
Borrower	Alwasail Industrial Company
Type of Facility	Expanding the existing plant by replacing existing machinery and equipment with new ones for the production of poly-ethylene pipes and fittings at the company's plant located in the First Industrial City in Qassim, built on land leased from the Saudi Authority for Industrial Cities and Technology Zones.
Facility Value	A total value of thirty-four million nine hundred thousand (34,900,000) Saudi Riyals only
Number of payment installments	13 Installments
Last payment date	15/02/1450H (corresponding to 08/07/2028G).
Profit Margin/ Commission	There is no fee, but there are study and consulting fees.
Financial pledges	The Borrower undertakes at all times during the loan term, unless it obtains prior written approval from the Fund to the contrary, to: 1. The ratio of current assets to current liabilities should not be less than 1:1 throughout the loan term. 2. The ratio of total liabilities to net tangible value shall not exceed 1:3 throughout the loan term. 3. The profits allocated for distribution/withdrawals shall not exceed (25%) of the paid-up capital or the total loan installments due during the year of distribution, whichever is less. 4. Annual capital expenditures shall not exceed (150,000) Saudi Riyals. 5. Annual rents shall not exceed (75,000) Saudi Riyals. 6. Operational date: First quarter of 1444H (fourth quarter of 2022G).
Guarantee Documents	• Mortgage of purchased machinery and equipment • Partners Guarantee
Unusual Provisions	None

Source: The Company

Furthermore, an increase in the company's indebtedness will expose it to additional risks. The company's indebtedness may lead to an increase in interest rates, which in turn will result in an increase in the company's expenses and a decrease in its net profits, making it more vulnerable to risks related to negative fluctuations in the market and in the general economic situation. A high level of indebtedness may also limit the company's ability to undertake strategic acquisitions, or may force it to undertake non-strategic sales or disposals of assets, and may also limit its ability to obtain additional financing. Although the currently signed financing agreements do not include any restrictions imposed on the mechanism of dividend distribution, any future financing contracts may include any covenants that impose restrictions on the company's business or the mechanism of dividend distribution.

As of the date of this document, the company has not faced any defaults or rescheduling of any of the financing agreements mentioned above. However, if the company breaches its contractual obligations with the financing entities, this will affect the company's reputation and lead to lawsuits against the company, which will negatively and materially impact the company's business, results of operations, financial position, and future outlook.

2-1-26 Risks Related to the Mortgage of the Company's Assets

The company entered into loan agreement number (2996) with the Saudi Industrial Development Fund on 12/08/1440H (corresponding to 17/04/2019G). All buildings erected or to be erected on a plot of land with an area of (7,124 m2) located in Al-Kharj Industrial City, leased from the Saudi Authority for Industrial Cities and Technology Zones (MODON) under lease contract number (809496) dated 22/09/1439H (corresponding to 06/06/2018G), were mortgaged, along with the company's entire factory, its machinery, equipment, and all its accessories and appurtenances, including but not limited to vehicles, transportation means, furniture, office equipment, and all expansions that have taken place or will take place in the future, whether referred to generally or in detail in the description of the project indicated in the contract.

If the company is unable to meet its repayment obligations under the agreement signed with the Saudi Industrial Development Fund, or is unable to provide any other guarantees that the Fund may request, or breaches any of its loan obligations or covenants in the future, the Fund may demand immediate repayment of the loans and begin judicial enforcement procedures on the mortgaged assets in favor of the Fund, selling them and collecting the loan value from the proceeds of the asset sale. Any of these factors will have a substantial negative impact on the company's business, financial position, and future outlook.

2-1-27 Risks Related to Working Capital Management

The risk of working capital management lies in a company's inability to meet its financial obligations when due. The sustainability of a company's business depends on having sufficient liquidity to fund its operations and meet its financial obligations on time. Insufficient liquidity can affect the company's ability to pay employee salaries, settle payments to suppliers, fund operating costs, and invest in expansion plans.

The table below shows the key indicators of the company's working capital management as of December 31, 2022G, December 31, 2023G, December 31, 2024G, and June 30, 2025G, respectively:

Table (6): Key Indicators of the Company's Working Capital Management as of December 31, 2022G, December 31, 2023G, December 31, 2024G, and June 30, 2025G, respectively

Working capital and liquidity indicators	Fiscal year ending December 31, 2022G	Fiscal year ending December 31, 2023G	Fiscal year ending December 31, 2024G	Financial period ending June 30, 2025G
Current Assets	313,427,995	345,635,283	351,104,418	389,953,765
Current Liabilities	91,448,171	117,040,052	123,995,981	160,975,339
Current Ratio (times)	3.43	2.95	2.83	2.42
Net Working Capital	**221,979,824**	**228,595,231**	**227,108,437**	**228,978,426**

Source: Financial statements and company management

The company may encounter difficulties in collecting receivables from customers, which could lead to slower cash flows and insufficient liquidity to meet its financial obligations on a timely basis. Economic fluctuations, rising financing costs, and changes in market conditions may also affect liquidity availability, which may require resorting to credit facilities or other financing sources on potentially unfavorable terms, resulting in increased financial costs and interest on loans.

In addition, working capital management risks may arise from the company's inability to sell financial assets quickly and at an amount close to their fair value, which may increase the difficulty of providing liquidity when needed. The company may also face emergency or unforeseen events that require immediate liquidity, such as unexpected legal obligations, a sudden increase in operating expenses, or fluctuations in demand for services. This could have a material adverse effect on the company's business, results of operations, financial condition, and future prospects.

2-1-28 Risks Related to the Company's Inability to Provide Workforce to Meet Future Expansion Needs

The company's ability to expand its business and its future performance depends on several factors, including the ability to provide workforce to meet the company's needs for its future plans. If the company is unable to provide sufficient workforce commensurate with its business and needs, this will substantially and negatively affect the company's success in implementing future business expansion plans and thus affect its results of operations and future outlook.

The company may face challenges in attracting qualified labor or retaining its current employees due to several factors, such as high recruitment costs, increased competition for talent, changes in the labor market, or regulatory restrictions related to Saudization and localization. Moreover, the inability to secure specialized labor in a timely manner may lead to delays in implementing expansion projects or limit the company's ability to capitalize on new opportunities.

Additionally, the company may need to increase salaries and benefits to attract talent or retain current employees, which could lead to higher operating costs and impact profit margins. Furthermore, any non-compliance with Saudization requirements or localization policies may increase recruitment difficulties, potentially leading to labor shortages or regulatory fines that could affect the company's financial and operational performance.

Accordingly, the company's inability to provide sufficient workforce to support its future expansion may have a substantial negative impact on the company's success in implementing its future plans, which may negatively affect its results of operations, financial position, and future outlook.

2-1-29 Risks Related to Non-Compliance with the Capital Market Law and its Implementing Regulations

Upon registration and listing in the Parallel Market, the company will be subject to the Capital Market Law and its implementing regulations, in addition to the laws, regulations, and circulars issued by the Capital Market Authority and the Saudi Exchange (Tadawul). These regulations impose strict regulatory requirements related to periodic disclosure, transparency, corporate governance, financial standards, and dealings with investors.

In the event the company is unable to comply with any of the regulations or laws to which it is subject, it may face additional costs and regulatory penalties, which may include imposing financial fines, temporarily suspending trading of the company's shares, or delisting its shares from the market in the event of continued non-compliance, which could have a substantially negative impact on its financial position and operations. Any delay or deficiency in providing the required disclosures may also lead to a decrease in investor confidence in the company, which could affect its share price and liquidity in the financial market.

Furthermore, non-compliance with governance and financial disclosure requirements may lead to legal disputes, regulatory actions against the company, or restrictions on its commercial and financial activities. Any future amendments to regulatory frameworks may also necessitate increased operational and administrative costs to ensure continuous compliance, which could affect the company's profitability and financial performance.

Accordingly, failure to comply with the financial market's regulations and executive bylaws, whether as a result of a failure to comply or unexpected regulatory changes, could have a material adverse impact on the Company's business, results of operations, financial performance, profitability, and future prospects.

2-1-30 Risks Related to Operating Systems and Information Technology

The company and its subsidiary rely on information technology systems to manage their operations and facilities, which exposes them to the risks of these systems failing due to system collapse, security system failures, hacking, electronic viruses, natural disasters, fires, or communication errors. Additionally, the company may face challenges related to the unavailability of skilled labor necessary to efficiently operate and manage these systems, which may affect the continuity of its operational activities.

The leakage of confidential data and information belonging to the company, its customers, or its employees, or the deterioration of the security of this data, could expose the company to legal and regulatory risks, as well as affect the trust of customers and business partners. Although the company relies on security measures and protections to mitigate these risks, there is no guarantee that it will not be exposed to cyberattacks or security breaches in the future.

If the company fails to maintain and develop its IT systems, experiences any technical malfunctions, or experiences recurring or major system failures, this could lead to operational disruptions, delays in contract execution, and difficulty managing financial and administrative data, potentially impacting its contractual obligations. The company may also incur additional costs to repair or replace damaged systems, which could impact its financial position and profitability.

Accordingly, any failure of IT systems, exposure to cyber attacks, loss of data, or lack of human resources to efficiently manage them could have a material adverse impact on the Company's business, financial position, operational and financial results, and future prospects.

2-1-31 Risks Related to the Company's Inability to Retain its Human Resources

The company relies on its human resources to provide services to its clients. If the company is unable to allocate the appropriate team, it may not be able to deliver its projects within the timeline or specifications set by the client. If the company is unable to hire experienced employees or contract with external sources, it may be late in delivering services and solutions to its clients within the specified timeline. This may result in the termination of the contract or the incurring of additional costs. This could lead to an increase in the company's operating costs and profit rates, any of which would have a material adverse impact on the company's business, results of operations, and financial position.

2-1-32 Risks Related to the Prices of the Company's Products

The company faces risks associated with pricing its products in an increasingly competitive environment. Current and new customers may demand lower prices due to several factors, including cost-cutting pressures from customers or the availability of competitively priced alternatives from new companies or suppliers that have entered the market or expanded their operations. Furthermore, the ongoing development of some competitors' production processes, in addition to mergers and acquisitions among competing companies, may lead to increased production capabilities and lower operating costs, enabling them to offer more competitive prices compared to the company's products.

Under these increasing competitive pressures, the company may find itself forced to offer discounts or reduce its product prices frequently to maintain its market share and retain its key customers, directly eroding profit margins. Furthermore, continued declines in selling prices without the ability to reduce operating costs at a similar rate will impact the company's overall profitability and limit its ability to achieve targeted profit levels. Accordingly, any sustained price pressure or significant decline in product prices will have a material adverse impact on the company's operational performance, financial position, and future results, especially given the fluctuations in raw material prices and operating costs.

2-1-33 Risks Related to Material Contracts

The company has entered into a number of essential contracts and agreements that represent fundamental pillars of its operations and business continuity. These include the raw material supply contracts with SABIC, as well as the lease agreements for land and facilities that house the company's operational facilities. The company relies heavily on the contracting parties fulfilling their contractual obligations to ensure continuity of production and smooth operations. If any of these parties fail to fulfill their obligations for any reason—whether due to bankruptcy, deterioration of their financial situation, cessation of operations, or disruption of supply chains for any external or internal reason—the company could face severe disruptions to its operations, including the unavailability of raw materials or the need to seek alternatives at higher costs or with less flexible terms. These risks are exacerbated by severe economic fluctuations or recessions that affect the ability of suppliers or lessors to comply with contracts.

Conversely, the company's inability to fulfill its contractual obligations to its contracting parties for any reason, including financial or operational challenges, could expose it to the risk of contract termination by those parties, the imposition of financial penalties or compensation, as well as the potential for legal disputes or arbitration cases that could extend over long periods and entail financial and legal burdens. Furthermore, the company's loss of any legal disputes related to these essential contracts could have a material adverse impact on its financial position and cash flows, as well as its business reputation and ability to conclude new contracts on favorable terms in the future. Accordingly, any breach or failure to implement these contracts, whether by the company or its contracting parties, would have a material adverse impact on the company's business, operational results, financial position, and future prospects.

2-1-34 Risks Related to the Outbreak of Infectious Diseases or Other Public Health Threats

The business of the Company and its subsidiaries may be materially affected by the outbreak of infectious diseases or other epidemics that threaten public health, such as monkeypox, coronavirus (COVID-19), Middle East Respiratory Syndrome (MERS), influenza (H1N1), and severe acute respiratory syndrome (SARS), whether in the Middle East or any other region, which may have a material adverse effect on the Saudi economy and, consequently, on the Company’s business and results of operations.

These conditions may result in a decrease in the company's revenues, customers defaulting on receivables, early termination of leases, or difficulties in renewing or concluding new contracts. Furthermore, any governmental or regulatory restrictions may disrupt operations, delay contract execution, or impose precautionary measures that impact work efficiency and productivity, which may increase operating costs and limit the company's ability to achieve its financial goals.

Additionally, if the company's employee contracts a contagious virus or other infectious disease in the future, this could negatively impact the company's business operations, resulting in absence from work, the need for additional health measures, or the implementation of quarantine procedures. This could impact performance efficiency and adherence to contractual deadlines.

The continued spread of epidemics or the emergence of new waves of them could lead to a slowdown in economic activity, impact on customer and investor confidence, disruptions to supply chains, and increased healthcare and insurance costs, which could negatively impact the company's performance, profitability, and operational stability.

Accordingly, any outbreak of infectious diseases or new epidemic outbreak, whether local or global, could have a material adverse impact on the Company's business, results of operations, financial position, and future prospects.

2-1-35 Risks Related to the Increase in the Company's Liabilities

The company's liabilities consist of current and non-current liabilities distributed among the following items: (lease obligations (current and non-current portions), defined employee benefit obligations, short-term loans, long-term loans (current and non-current portions), trade payables, accrued expenses and other payables, zakat provision), and the following table shows the details of the balance of liabilities and its percentage of total assets and equity:

Table (7): Details of the balance of liabilities and its percentage of total assets and equity

Year	Fiscal year ending December 31, 2022G	Fiscal year ending December 31, 2023G	Fiscal year ending December 31, 2024G	Financial period ending June 30, 2025G
Liabilities Balance	113,928,651	147,057,052	155,322,483	196,053,556
Liabilities as a Percentage of Assets	24.76%	29.00%	30.07%	34.91%
Liabilities as a Percentage of Equity	32.91%	40.85%	43.00%	53.63%

Source: The Company

The company relies on managing its financial liabilities efficiently to ensure the sustainability of its operations and achieve financial stability. However, there is no guarantee that the company will not face an increase in its financial liabilities as a result of borrowing, expansion of operational activities, long-term contract liabilities, or regulatory changes that may impose additional fees or taxes, which could impact cash flows and the ability to meet financial liabilities.

If the company is unable to meet its financial liabilities, such as failing to pay amounts due to trade creditors within the grace periods granted, this could negatively impact the continuity of the relationship between the company and its trade suppliers. This could also lead suppliers to impose stricter payment terms, reduce credit periods, or terminate cooperation with the company and deal with other competitors, which could make it more difficult to secure the supplies necessary to maintain operations.

If the company's financial liabilities increase while revenues decline, this may weaken its ability to meet its obligations, potentially impacting the company's solvency and creditworthiness. This could lead to increased financing costs, restrict the company's ability to obtain future loans or credit facilities, or force it to restructure its financial liabilities on potentially unfavorable terms.

Furthermore, any unexpected increase in financial liabilities resulting from legal claims, judicial settlements, or new contractual obligations may lead to an increase in the level of liabilities, which may adversely affect the company's financial position.

Accordingly, any significant increase in the Company's liabilities, the inability to manage them efficiently, or the failure to meet financial obligations on time could have a material adverse impact on the Company's business, continuity, results of operations, financial position, and future prospects.

2-1-36 Risks Related to Insufficient Presentation and Disclosure in the Financial Statements in Accordance with IFRS

The Company may be exposed to risks associated with not fully meeting certain presentation and disclosure requirements under International Financial Reporting Standards (IFRS). Certain deficiencies have been noted in some of the disclosures required to enhance users' understanding of the audited financial statements. These deficiencies include (without limitation) the following:

1. **Presentation and disclosure of expenses and breakdown of cost of sales (IAS 1 – paragraph 99)**

   IFRS require expenses to be classified by nature or by function, whichever provides information that is more reliable and more relevant. It was noted that the Company did not provide sufficient detail of cost of sales/cost of goods sold in its financial statements for FY 2022 and FY 2023.

2. **Disaggregation of revenue (IFRS 15 – paragraph 114)**

   IFRS 15 requires revenue to be disaggregated in a manner that depicts how economic factors affect the nature, amount, timing and uncertainty of revenue and cash flows. It was noted that the Company did not provide adequate disaggregation of revenue for FY 2022 and FY 2023 in accordance with these requirements, which may limit users' ability to analyze revenue sources and key revenue drivers.

3. **Separate presentation of impairment losses/(decrease) in trade receivables (IAS 1 – paragraph 82(ba) and IFRS 9)**

   IAS 1 requires impairment losses recognized in accordance with IFRS 9 to be presented/disclosed separately. It was noted that during FY 2022 and FY 2023, the Company did not present the expected credit loss (ECL) allowance separately; rather, it was included within selling and distribution expenses. It was also noted that during FY 2024 and the six-month period ended H1 2025, part of the impairment losses was disclosed separately in the statement of profit or loss, while the remaining portion continued to be included within selling and distribution expenses.

4. **Disclosures relating to performance obligations in contracts with customers (IFRS 15 – paragraph 119)**

   IFRS 15 requires disclosures of information about performance obligations in contracts with customers. It was noted that, given that the Company has products and services that may include different performance obligations (such as installation services, certain export sales, and others), the Company did not provide sufficiently detailed explanations within the revenue notes in accordance with the relevant requirements, which may affect investors' understanding of the nature of such obligations and the timing of revenue recognition.

Accordingly, the Company may be exposed to risks associated with not fully meeting certain IFRS presentation and disclosure requirements. As noted in the financial due diligence report, the above disclosure deficiencies (without limitation) may affect the quality of financial reporting and the level of transparency and compliance.

Insufficient disclosures may increase the risk of investors and stakeholders misinterpreting the Company's financial performance, or of the Company receiving future regulatory or audit comments relating to the quality of financial reporting and compliance with the applicable accounting standards. This, in turn, may negatively affect confidence and transparency associated with the financial statements and may result in additional costs to address deficiencies or restate certain items, if required.

The Company's management indicates that it has included detailed disclosures relating to cost of sales, revenue disaggregation, and impairment losses in the financial statements for FY 2024 and the six-month period ended H1 2025, and believes that the impact of these observations is not material to the financial statements. In relation to performance obligations under IFRS 15, management also stated that installation services are provided to customers only as part of product sales and do not constitute a separate performance obligation, and that export sales are conducted on a cash basis or through letters of credit. Management further affirms its commitment to continuously enhancing compliance and improving the quality of financial disclosures. However, there can be no assurance that these measures will fully prevent similar observations in the future or will be sufficient to meet the expectations of all relevant stakeholders.

2-1-37 Risks Related to the Classification of Certain Expenses or Impairment Items That May Not Reflect a Separate and Clear Presentation

The financial statements may continue to be exposed to risks related to the classification of certain expenses or impairment items. IAS 1 requires the classification of expenses by nature or function and appropriate disclosure of cost of sales components, and IFRS 9 requires separate disclosure of impairment losses related to financial instruments. The inclusion of expected credit loss (ECL) provisions within selling and distribution expenses (instead of presenting them separately and clearly) may reduce transparency regarding credit quality and collection risk, and may hinder comparability across periods or with peer companies.

Management explains that it has improved presentation and disclosure in more recent periods by presenting part of impairment losses separately, and intends to continue enhancing presentation quality going forward. However, any renewed deficiencies, differences in estimates, or presentation methods may adversely affect the clarity of the financial results.

2-1-38 Risks Related to Insufficient Disclosure of Performance Obligations and Revenue Disaggregation under IFRS 15

The Company may face risks arising from not providing sufficiently detailed disclosures regarding performance obligations in contracts with customers, and not disaggregating revenues in a manner that reflects the nature, timing, and uncertainty of revenues, as required under IFRS 15. Failure to fully meet these requirements may result in unclear revenue sources and recognition mechanisms for investors, and may give rise to future remarks from auditors or regulators regarding disclosure adequacy and appropriateness of presentation.

Management states that installation services are provided to customers as part of product sales and do not represent a separate performance obligation, and that export sales are conducted on a cash basis or through letters of credit. Management believes that there is no material impact on the financial statements. Nevertheless, differences in professional judgment or future regulatory requirements may necessitate more detailed disclosures or reassessment of whether certain elements should be treated as separate performance obligations.

2-1-39 Risks Related to Non-Compliance with Financial and Non-Financial Covenants Associated with Long-Term Financing

The Company has obtained long-term financing from the Saudi Industrial Development Fund (SIDF), which includes a set of financial and non-financial covenants that must be complied with throughout the term of the agreement. Although the Company has obtained waivers for certain covenants due to business circumstances, all other covenants under the financing agreement remain binding and applicable.

Any future failure to comply with these covenants, or inability to renew waivers when required, may constitute a breach of financing terms, which could have materially adverse consequences, including, without limitation, accelerated repayment demands, renegotiation of financing terms on less favorable conditions, or the imposition of additional restrictions on the Company's operations or cash flows. This may adversely affect the Company's liquidity, financial position, operating results, and future outlook.

Management indicates that it has obtained the necessary waivers for the specified covenants and does not foresee any material financial or regulatory impact arising therefrom, and further confirms its continued compliance with the remaining financing terms. However, there is no assurance that the Company will always be able to maintain such compliance or obtain similar waivers in the future when needed.

2-1-40 Risks Related to the Write-off of Balances Due from Employees and Related Parties

During previous years, the Company recorded expected credit loss (ECL) provisions against employee loans and balances due from related parties. In FY2024, part of these provisions was utilized to write off outstanding balances of approximately SAR 3.5 million relating to employee loans. Management stated that these balances pertained to an employee at one of the branches who is no longer employed, and recovery became impossible. The Company also recorded additional provisions amounting to SAR 635 thousand during FY2024 (and none in H1 2025) against doubtful balances, reflecting the Company's continued exposure to credit risk in relation to such transactions. In addition, a balance due from a related party was written off after a prior provision had been recognized, based on a court judgment that resulted in the counterparty ceasing its operations, making collection unfeasible.

The recurrence of doubtful balances and write-offs – whether involving employees or related parties – may indicate potential risks related to the effectiveness of lending, monitoring, and collection policies, or gaps in internal controls and governance over such transactions. Write-offs involving related parties may also raise concerns regarding the level of oversight on related-party dealings, giving rise to reputational risk or regulatory remarks, and may affect earnings quality and financial statement transparency if not disclosed adequately or in a timely manner.

Management states that the employee loan write-off was primarily related to a cash shortage at a branch, and that a significant portion of the balance (approximately SAR 2.584 million) arose from an unauthorized sale outside the Company's policies, which was subsequently transferred to the employee as a loan after the customer defaulted. Management further notes that the matter was addressed through contractual and legal procedures without material impact on the financial position. Nevertheless, there can be no assurance that similar cases will not recur in the future or that they will not adversely affect financial results or investor confidence in the integrity of internal controls and governance.

2-1-41 Risks Related to Conflicts of Interest and Certain Board Members' Non-Compliance with Abstention Procedures in Breach of the Companies Law

The company may be exposed to risks related to conflicts of interest in board resolutions when there are transactions or contracts in which some board members have a direct or indirect interest. It has been observed that some board members with a conflict of interest did not abstain from voting on resolutions involving such an interest, as follows:

1. **Resolution approving agreements with related parties**

   A Board resolution (by circulation) dated 29/11/1443H (corresponding to 09/06/2022G) approved entering into an agreement with Thaqib Plastic Technology Company and Alwasail Construction Company. This agreement involves conflicts of interest for the following Board members:

   - Abdulrahman bin Abdullah Al-Mushekih
   - Nasser bin Abdullah Al-Mushekih
   - Abdulaziz bin Abdullah Al-Mushekih
   - Saleh bin Abdullah Al-Mushekih
   - Abdulqader bin Abdullah Al-Mushekih

The aforementioned Board members did not abstain from voting on this resolution.

2. **Resolution approving warehouse lease with a Board member.**

   A Board resolution dated 06/09/1444H (corresponding to 28/03/2022G) approved leasing a warehouse in Riyadh between the Company and Board member Saleh bin Abdullah Al-Mushekih. This lease involves conflicts of interest for the following Board members:

   - Abdulrahman bin Abdullah Al-Mushekih
   - Nasser bin Abdullah Al-Mushekih
   - Abdulaziz bin Abdullah Al-Mushekih
   - Saleh bin Abdullah Al-Mushekih
   - Abdulqader bin Abdullah Al-Mushekih

None of the above Board members abstained from voting on this resolution.

Based on the foregoing, these actions constitute a violation of the Companies Law issued by Royal Decree No. (M/132) dated 01/12/1443H (corresponding to 30/06/2022G).

These violations may result in potential adverse consequences, including but not limited to:

- The Company being subject to regulatory actions or penalties by the competent authorities due to non-compliance with the Companies Law and governance requirements.
- The possibility of challenging or invalidating the resolutions adopted, as they do not meet the statutory requirements related to conflict of interest.
- Compromising the independence and objectivity of the Board of Directors' decisions, which may negatively impact the protection of shareholders' and stakeholders' rights.
- Adverse effects on the Company's reputation and investor confidence in its governance and compliance framework.

In the event that such violations recur in the future, this may result in a material and negative impact on the Company, including increased regulatory and legal risks, diminished confidence in the governance framework, and a higher likelihood of disputes or claims from shareholders and stakeholders. Such consequences may materially affect the Company's operations, reputation, and investment attractiveness.

2-1-42 Risks Related to Board Members' Non-Compliance with Governance Requirements When Voting in General Assemblies

The Company may be exposed to risks arising from the non-compliance of certain Board members with governance requirements and relevant regulations when voting in the General Assembly, particularly with respect to items on which they are not permitted to vote due to matters related to their remuneration or the existence of a direct or indirect conflict of interest. Several instances were observed in which Board members participated in voting on items that they were not permitted to vote on or that involved a conflict of interest, as follows:

1. Voting on related-party transactions – General Assembly 24/03/2021G.

   Based on the minutes of the Ordinary General Assembly meeting held on 11/08/1442H (corresponding to 24/03/2021G), a total of (19,498,500) voting shares approved the item concerning the "contracts and transactions between the Company and Ladaen Company and Al-Wasail Construction Company," out of (19,498,500) shares represented at the meeting. This item involved a direct interest for the following Board members:

   - Mr. Abdulqader bin Abdullah Al-Mushekih (Board Member and CEO), as he serves on the Board of Ladaen Company.
   - Mr. Saleh bin Abdullah Al-Mushekih (Vice Chairman), as he serves on the Board of Al-Wasail Construction Company.

The identical number of voting shares and represented shares indicates that the aforementioned Board members participated in voting on this item despite having a direct interest, making their voting non-compliant with the Companies Law.

2. Voting on the Board remuneration item – Extraordinary General Assembly 17/05/2022G

   The minutes of the Extraordinary General Assembly meeting held on 16/10/1443H (corresponding to 17/05/2022G) show that (17,511,790) voting shares approved the item related to the "annual remuneration of the Board of Directors," out of (17,549,625) shares represented at the meeting, which indicates that the Board members who are shareholders and attended the meeting participated in voting on this item, despite the prohibition on Board members voting on remuneration-related items in the General Assembly.

3. Voting on the Remuneration Policy and on transactions with Thaqib Plastic Company – General Assembly 05/05/2024G

   The minutes of the Ordinary General Assembly meeting held on 26/10/1445H (corresponding to 05/05/2024G) show that (157,784,558) voting shares approved the item related to "contracts and transactions between the Company and Thaqib Plastic Company," and that (196,691,383) voting shares approved the item related to the "Remuneration Policy for the Board of Directors, Committees, and Executive Management." It is understood from this that the following Board members participated in voting on the Remuneration Policy item:

   - Abdulrahman bin Abdullah Al-Mushekih
   - Nasser bin Abdullah Al-Mushekih
   - Abdulaziz bin Abdullah Al-Mushekih
   - Abdulqader bin Abdullah Al-Mushekih
   - Saleh bin Abdullah Al-Mushekih

Board members are not permitted to vote on remuneration-related items. In addition, the following members — except Mr. Saleh bin Abdullah Al-Mushekih — participated in voting on the item concerning the transactions with Thaqib Plastic Company despite the existence of a conflict of interest:

- Abdulrahman bin Abdullah Al-Mushekih
- Nasser bin Abdullah Al-Mushekih
- Abdulaziz bin Abdullah Al-Mushekih
- Abdulqader bin Abdullah Al-Mushekih

Accordingly, their voting on this item is considered invalid from a regulatory standpoint.

Based on the above, the instances mentioned constitute violations of the Companies Law issued by Royal Decree No. (M/132) dated 01/12/1443H (corresponding to 30/06/2022G), as well as the relevant governance regulations.

These violations may result in potential adverse consequences, including but not limited to:

- The Company being subject to regulatory actions or penalties by the competent authorities due to non-compliance with the Companies Law and governance regulations.
- The possibility of challenging the validity of the General Assembly resolutions or annulling them in whole or in part due to the participation of individuals not permitted by law to vote.
- Damaging the principle of fairness and shareholder protection due to voting outcomes being influenced by votes connected to a direct interest.
- Negative impact on the Company's reputation and on investor confidence in its commitment to governance and transparency.

If such violations recur in the future, they may have a materially adverse impact on the Company from regulatory, legal, and reputational perspectives, which may materially affect the stability of General Assembly resolutions, shareholder confidence, and the Company's attractiveness to investors.

2-1-43 Risks Related to Non-Compliance with Companies Law Requirements Regarding Board Resolutions Issued by Circulation

The Company may be exposed to risks arising from non-compliance with the Companies Law requirements relating to the adoption and documentation of Board resolutions issued by circulation. Article (82) of the Companies Law requires that resolutions passed by circulation be presented to the Board at its first subsequent meeting for recording in the minutes. It was noted that a Board resolution by circulation dated 14/05/2025 was not presented to the Board at the subsequent meeting held on 28/05/2025 to be recorded in the minutes, as legally required.

Failure to present and record circulation resolutions in the subsequent meeting may lead to potential adverse consequences, including, without limitation:

- Treating the resolution as not duly adopted, exposing its validity or enforceability to challenge.
- Regulatory remarks or actions due to breach of the Companies Law and governance requirements.
- Weakness in documenting Board decisions and associated authorities and responsibilities, potentially affecting governance transparency and the integrity of statutory records.
- Negative impact on shareholders' and investors' confidence in the Company's compliance and Board governance practices.

If such breaches recur in the future, they may have a materially adverse effect on the Company from regulatory, legal, and governance perspectives, potentially affecting the validity of Board decisions, business continuity, and the Company's investment reputation.

2-1-44 Risks Related to the Unclear Validity Term of the Credit Facilities Agreement with Saudi Awwal Bank (SAB)

The Company may be exposed to risks arising from the lack of clarity regarding the validity term of the credit facilities granted by Saudi Awwal Bank (SAB), and the potential legal and operational implications concerning the proper use of such facilities beyond a certain date. The Company entered into a credit facilities agreement with SAB dated 18/03/1445H (corresponding to 03/10/2023G), with an expiry date set at one year from the issuance of the offer letter on the same date. On 30/03/1446H (corresponding to 03/10/2024G), a new offer letter was issued referring to the previous offer letter dated 18/03/1445H (corresponding to 03/10/2023G), under which certain fees were added and a facility limit was cancelled. However, the subsequent offer letter did not expressly state any extension of the previous offer letter for a defined period, nor did it specify a new expiry date for the facilities granted thereunder.

This ambiguity regarding the term and expiry date may give rise to future disputes over whether facilities utilized after 30/03/1446H (corresponding to 03/10/2024G) remain valid and enforceable under a clearly defined agreement. Such ambiguity may also result in additional risks including, without limitation:

- The possibility that the facilities may be deemed expired or not duly renewed, leading to claims for suspension or restriction of the facilities.
- Financial risks arising from reclassification or settlement of utilized facilities subject to ambiguity, or the imposition of additional fees or conditions.
- Adverse impact on liquidity and financial planning if the facilities are unexpectedly suspended or terminated due to differing contractual interpretations.
- Increased legal and regulatory risks resulting from weak documentation or unclear contractual relationships with the lender.

If the lack of clarity regarding the facilities' term continues, or similar cases recur in the future, this may have a materially adverse effect on the Company's financial position, liquidity, and continuity of funding, in addition to heightened legal and regulatory risks that may materially affect the Company's business and investment reputation.

2-1-45 Risks Related to Low Employment Contract Documentation Rates and Non-Compliance with "Qiwa" Platform Requirements"

Compliance indicators on the "Qiwa" platform for Al-Wasail Industrial Company and its subsidiaries show low documentation rates for employment contracts, which constitutes a clear violation of the regulations and guidelines issued by the Ministry of Human Resources and Social Development. This is in accordance with Ministerial Resolution No. 75506 dated 05/05/1444H (corresponding to 29/11/2022G), which mandates the electronic documentation of employment contracts through the Qiwa platform. The indicators show documentation rates of 85% for the parent company, 91% for the factory branch, 53% for the Saudi Rubber Products Company branch, and 92% for the transport branch – all of which fall short of regulatory compliance requirements.

Failure to document employment contracts electronically may expose the Company and its subsidiaries to violations and penalties as stipulated in the Table of Violations and Penalties issued by the Ministry of Human Resources and Social Development and amended by Resolution No. 75913 dated 19/05/1445H (corresponding to 03/12/2023G). Penalties may reach SAR 1,000 per undocumented employee, multiplied by the number of non-documented cases.

Continued low documentation rates may lead to the accumulation of financial penalties on the Company, along with additional risks such as weakened regulatory compliance, increased likelihood of labor disputes, and potential adverse effects on the Company's reputation with government authorities and prospective employees. This may further result in negative impacts on the Company's operational activities and its ability to meet contractual, operational, and business continuity requirements efficiently.

2-2 Risks related to the market and the sector in which the company operates

2-2-1 Risks Related to the Economic Performance of the Kingdom

The company's expected future performance depends on a number of factors related to the economic conditions in the Kingdom in general, including, but not limited to, factors such as inflation, GDP growth, average per capita income, and so on. The Kingdom's macro and micro economy depends mainly on oil and oil industries, which still dominate a large share of the gross domestic product. Accordingly, any unfavorable fluctuations that occur in oil prices will have a direct and significant impact on the plans and growth of the Kingdom's economy in general and on government spending rates, which would negatively affect the company's financial performance, given its work within the Kingdom's economic system and its being affected by government spending rates.

The continuation of the Kingdom's economic growth also depends on several other factors, including continued population growth and public and private sector investments in infrastructure. Therefore, any negative change in any of these factors will have a significant impact on the economy and will thus negatively and materially affect the company's business, financial results, and future expectations.

2-2-2 Risks Related to Political and Economic Instability in the Middle East

Many countries in the Middle East region are currently suffering from political and/or security instability. There are no guarantees that the economic and political conditions in those countries or any other countries will not have a negative impact on the Kingdom's economy and thus on the ability of the company's customers to renew their relationship with it and its inability to acquire new customers, which will negatively and materially affect the company's business, results of operations, financial position, and future expectations.

2-2-3 Risks Related to Non-Compliance with the Requirements of the Companies Law

The company is subject to the provisions of the New Companies Law issued by Royal Decree No. (M/132) dated 01/12/1443H (corresponding to 30/06/2022G), which came into force on 26/06/1444H (corresponding to 19/01/2023G), which imposes on it a set of statutory requirements and obligations to ensure full compliance with this law. These requirements include, but are not limited to, the obligation to amend the company's articles of association to align with the new amendments in the law, compliance with the regulations governing the holding of general assembly meetings according to the specified time periods, the preparation of periodic reports required by regulatory bodies, and compliance with financial and administrative disclosures and other requirements aimed at enhancing governance and transparency in listed companies.

The Companies Law specifies strict penalties for companies that violate its provisions, as penalties, according to Article (262), amount to financial fines of up to (500,000) Saudi Riyals. In addition, Article (263) of the law stipulates the doubling of penalties in the event of repeated violations. Although the company has not recorded any previous violations and has not been subject to any penalties or financial sanctions, there is no guarantee that the company will remain committed to all the provisions of the law in the future without any transgressions that may lead to the imposition of penalties or regulatory actions against it.

The company may be exposed to legal and regulatory risks if it fails to fully comply with any of the mandatory provisions of the law, such as delays in submitting required periodic reports, failure to hold general assemblies on the specified dates, or failure to provide regulatory bodies with the required information at the specified times. In the event of any penalties or fines being imposed on the company, this may negatively affect its commercial reputation and its ability to deal with regulatory bodies and investors, which may lead to a decline in shareholder confidence, and may directly affect the company's performance, results of its operations, financial position, and future expectations.

In addition, any future change in the Companies Law or amendment to its accompanying executive regulations may impose additional requirements on the company, which may necessitate amending its internal procedures or governance policies. This could require additional costs or operational changes that may affect business efficiency. If the company is unable to adapt to any future regulatory changes or implement the new requirements efficiently, this may have a negative and material impact on the company's business, profitability, and future expansion plans.

2-2-4 Risks Related to Non-Compliance with Current Regulations and Laws and/or the Issuance of New Regulations and Laws

The company is subject to the control and supervision of a number of government entities in the Kingdom of Saudi Arabia, including, but not limited to, the Ministry of Municipal, Rural Affairs and Housing, the Capital Market Authority, the Ministry of Commerce, and the General Transport Authority, which obligates it to comply with the regulations, bylaws, circulars, and policies set by these entities. The regulatory environment in the Kingdom is witnessing rapid developments with the issuance of periodic updates to existing regulations or the imposition of new bylaws related to the economic and operational activities of companies operating in various sectors.

These regulatory changes could lead to increased administrative and operational burdens on the company, as it may need to allocate additional resources to ensure continuous compliance, including implementing new measures, updating its internal systems, or restructuring some of its operational processes, which may lead to an increase in operational and administrative costs. In addition, non-compliance with any of the statutory requirements may lead to the imposition of financial or regulatory penalties on the company, which may include fines, suspension of some operational activities, or even license withdrawal in extreme cases.

Furthermore, some new regulations may affect the company's business model or operational strategy, such as changes to environmental compliance requirements, service pricing controls, or restrictions on employment and work visas, which may require the company to re-evaluate its operations to comply with these requirements. In addition, new laws related to taxes and Zakat may increase the company's financial obligations, which would affect its net profits and cash flows.

Changes in government policies may also affect the investment environment in general, as some amendments may lead to increased market competition, or the imposition of additional restrictions on foreign and local companies, which may limit the company's opportunities for expansion or obtaining new projects. Government contracts entered into by the company may also be affected by amendments to regulations related to government procurement, which may affect the contractual terms, or may require renegotiation of current contracts.

In the event of any material regulatory amendments or the company's inability to continuously comply with existing and new regulations, this may have a negative and material impact on its business, results of its operations, financial position, and future expectations. Furthermore, any fluctuations in the legislative and regulatory environment may lead to instability of the company's operations or an increase in operational costs, which may be reflected in its market competitiveness, and thus affect the company's financial performance and market value.

2-2-5 Risks Related to Value Added Tax (VAT)

The Value Added Tax (VAT) Law was issued in the Kingdom of Saudi Arabia, which came into effect on January 01, 2018G, where a tax of 5% was imposed on a number of products and services as specified in the law. Subsequently, the Kingdom's government decided to increase the VAT rate to 15% as of July 2020G, which directly affected all taxable establishments, including the company. The company is required to fully comply with tax requirements, including accurate tax calculation, submitting periodic tax reports, and ensuring compliance with the requirements of the Zakat, Tax and Customs Authority.

The risks associated with VAT include the potential for errors in tax calculations or tax reporting, which could result in financial penalties or potentially costly corrective actions for the company. Failure to fully comply with tax regulations could lead to extensive tax reviews and audits, potentially resulting in additional claims from the General Authority of Zakat, Tax and Customs, or unexpected legal and administrative costs.

In addition, future amendments to the Value Added Tax (VAT) Law or the introduction of new taxes may increase the company's operational burdens, as it will need to re-evaluate its financial structure and the pricing of its services to ensure profitability continuity. Furthermore, any sudden changes in the tax rate or its application rules may lead to disruptions in the company's cash flows, which may affect profit margins and net income.

Furthermore, the indirect impact of Value Added Tax (VAT) may include a decline in demand for some of the services provided by the company, especially if a portion of the tax burden is passed on to customers, which may make the company's services less competitive compared to companies operating in markets or countries with different tax policies. The introduction of digital or environmental taxes in the future may also add additional burdens on the company, requiring the restructuring of some operational processes.

Although the company has not faced any claims or objections related to Value Added Tax (VAT) up to the date of this document, any incorrect application or unintentional violation of the law may lead to the imposition of financial or statutory penalties on the company, which may affect its financial and commercial reputation. In addition, any additional increase in the tax rate or any material change in its scope of application may lead to an increase in operational costs, which may limit the company's competitive ability and negatively affect the results of its operations, its financial position, and its future expectations.

2-2-6 Risks Related to Fluctuations in Supply and Demand

The manufacturing and industrial products sector, in which the company operates, is affected by supply and demand fluctuations, which may result from local or global economic factors, changes in customer behavior, technological advancement, new regulatory bylaws, or even unforeseen circumstances such as health or political crises. These fluctuations lead to significant changes in the volume of demand for transport services, which may directly affect the company's operations and revenues.

In the event of an increase in market supply due to the entry of new competitors or the expansion of existing companies' operational capacities, this may lead to a surplus in the transport services capacity, which may push companies to reduce their prices to maintain their market share. The decrease in prices may lead to a decline in profit margins, which affects the company's competitiveness and the results of its financial operations.

Conversely, unexpected changes in demand, such as an economic recession or financial crises, may lead to a significant decline in the demand for industrial products. If the company is unable to quickly adapt to the sharp decline in demand, it may face operational challenges such as a surplus of raw materials or finished products, or incur high operational costs with less revenue, which leads to pressure on cash flows and the company's ability to achieve targeted profits.

Furthermore, disruptions in global supply chains may affect the volume or patterns of demand. For instance, in the event of delays or shortages of raw materials or basic components, the production volume or delivery dates may change, which may increase or decrease the demand for the company's products. If the company is unable to adjust its production capacities to be commensurate with the changes, this may lead to a decrease in efficiency and an increase in unnecessary operational costs.

In addition, seasonal or cyclical factors may affect the demand for logistics services, such as peak shipping seasons or a decrease in demand during certain periods of the year, which may lead to significant fluctuations in the company's revenues. If the company is unable to adapt to these seasonal changes or improve its pricing strategies and resource management, this may negatively affect its financial performance and the sustainability of its operations.

Among other risks associated with supply and demand fluctuations is the existence of long-term contracts that may place restrictions on the company's ability to adjust prices or contractual terms in accordance with changing market conditions. If operational costs increase and the company is unable to pass these costs on to customers due to its contractual obligations, this may lead to the erosion of profit margins and a reduction in the economic viability of some contracts.

Accordingly, significant fluctuations in supply and demand may lead to a material negative impact on the company's business, the results of its operations, its financial position, and its future expectations, unless the company is able to rapidly adapt to these changes through flexible resource management, the development of dynamic pricing strategies, and the improvement of operational efficiency to respond to market variables.

2-2-7 Risks Related to the Company's Operations being Subject to Environmental, Health, and Safety Regulations and Laws

The company's operations are subject to a wide range of regulations and bylaws related to environmental, health, and safety protection in the Kingdom, which increasingly impose strict standards that the company must continuously adhere to. The costs of compliance with those regulations and bylaws and the resulting fines can be significant, and adherence to new and strict standards requires bearing additional capital expenditures or the emergence of modifications in operational practices. Environmental, health, and safety incidents may arise. For example, the company's operations can generate a number of waste materials and emitted pollutants that, if not properly controlled and managed or if left untreated or unmanaged, can lead to the risk of environmental pollution. Non-adherence and full compliance with environmental legislation and regulations can lead to the closure of any of the company's facilities and will also expose the company to violations, fines, or penalties that may be imposed by the regulatory bodies (according to Paragraph (2) of Article (18) of the General Environment Law issued by Royal Decree No. (M/34) dated 28/07/1422H (corresponding to 15/10/2001G) anyone who violates any of its provisions shall be punished with a financial penalty not exceeding ten thousand (10,000) Saudi Riyals and the violator shall be obliged to remove the violation, and the facility may be closed for a period not exceeding 90 days in case of recurrence), which will negatively affect its operations by limiting the growth of its revenues or suspending its work or license. This will affect its ability to conduct its business and thus have a negative and material impact on its financial position, the results of its operations, and its future expectations.

2-2-8 Risks Related to Changes in the Mechanism for Calculating Zakat and Income Tax

The Zakat, Tax and Customs Authority obligates Saudi companies, including companies listed on the financial market, to calculate Zakat and income tax according to a mechanism based on the nationality of shareholders and their beneficial ownership, which represents a fundamental shift in the method of calculating Zakat and tax obligations compared to previous practices that were based on the founders' ownership. This change may have financial and regulatory impacts on companies, especially those that have not yet evaluated its effect on their financial operations.

Given that the company is currently a closed joint-stock company fully owned by Saudi shareholders, it is primarily subject to Zakat in accordance with the applicable regulations. However, any future changes in the ownership structure after the offering and listing, such as the entry of non-Saudi shareholders, may lead to a change in its tax obligations, which may necessitate a re-evaluation of the company's financial obligations and tax planning.

In the event that the regulatory bodies decide to make any other amendments to the mechanism for calculating Zakat and income tax or to raise the applicable rates, the company may incur additional unexpected costs, which may affect its profitability and financial structure. The company may also face challenges in adapting to these new amendments, which may necessitate making adjustments to its accounting systems or hiring specialized financial consultants to ensure compliance, which may result in an increase in operational costs.

Furthermore, if the company faces any Zakat or tax audit by the regulatory bodies, it may be exposed to financial claims or fines in the event of discrepancies in estimates or errors in its accounts, which may lead to a negative impact on its cash liquidity and the results of its operations. In addition, any delay in the payment of Zakat or tax obligations may lead to the imposition of additional financial penalties, which may increase the financial burden on the company.

In addition, any change in the regulations related to Zakat and income tax may affect the company's strategy in managing its profits, as the company may need to allocate larger financial reserves to face any potential obligations, which may affect future dividend distributions to shareholders.

Therefore, any change in the mechanism for calculating Zakat and income tax, whether related to the calculation method, accrual rates, or compliance with new regulatory requirements, may lead to a negative and material impact on the company's business, the results of its operations, its financial position, and its future expectations.

2-2-9 Risks Related to Consumer Spending Due to Poor Economic Conditions

The company, like other companies, relies on the stability of the macroeconomy and the improvement of consumers' purchasing power to support the growth of its business. However, negative economic fluctuations may affect consumer spending, which could negatively impact the demand for the company's products and services, especially if spending on them is considered discretionary or non-essential spending under difficult economic conditions.

Economic factors that may affect consumer spending include:

1. Inflation and rising costs of living: Inflation may lead to higher prices for essential goods and services such as food, rent, education, and healthcare, reducing the income available to spend on the company's products and services. If inflation levels continue to rise, consumers may be forced to cut back on non-essential items, negatively impacting demand for the company's products.
2. High unemployment rates and lower wages: In the event of an economic slowdown or recession, companies and institutions may face hiring cuts, salary increases frozen, or even layoffs, which will impact individuals' purchasing power. Any increase in unemployment rates or labor market instability will reduce individuals' financial capacity and reduce spending on non-essential products and services.
3. Additional costs for individuals as a result of financial policies: Financial policies such as increased taxes, raising the Value Added Tax (VAT) (as happened when it was raised from 5% to 15% in July 2020G), and increased government service fees such as electricity and water may lead to increased financial burdens on consumers, which reduces their ability to spend on the products and services provided by the company.
4. Declining consumer borrowing capacity: Restrictive credit policies, such as increased interest rates on personal loans and credit cards, affect consumers' ability to finance their purchases through borrowing. If personal loans become more expensive or more difficult to obtain, demand for the company's products may decline, potentially impacting its sales and revenue.
5. Elimination or reduction of government subsidies: Any reduction or elimination of government subsidies for certain essential goods and services could lead to higher living costs, potentially limiting individuals' purchasing power. For example, any increase in fuel or electricity prices due to subsidy cuts would increase operating expenses for individuals and businesses, potentially reducing demand for the company's products and services.
6. Changes in Consumer Priorities: During periods of economic instability, consumers tend to direct their spending toward necessities, such as housing, food, and healthcare, while reducing spending on luxury or non-essential products and services. If the company's products fall into categories where spending is reduced during such circumstances, this may lead to a decline in demand for the company's products, impacting its financial performance.
7. Geopolitical instability and global economic fluctuations: Global economic factors, such as oil prices, political tensions, and financial market volatility, may impact the domestic economy in Saudi Arabia, potentially leading to weakening market confidence and reduced consumer spending.

Since these economic factors may be beyond the Company's control, they could lead to a decline in demand for its products and services, potentially impacting its revenues and profitability. If this decline persists for extended periods, the company may face challenges in achieving its financial and operational objectives, which could impact its results of operations, financial position, and future prospects.

2-2-10 Risks Related to Negative Fluctuations in Interest Rates

The company relies on various financing sources to finance its operations, expansion, and new projects, including bank financing and other financing based on variable interest rates. Therefore, any adverse fluctuations in interest rates could lead to a significant increase in financing costs, directly impacting the company's profitability and cash flow.

Interest rates are affected by several factors, including the monetary policies of central banks such as the Saudi Central Bank (SAMA) or the U.S. Federal Reserve, as the decisions of these entities directly affect interest rates. If these entities decide to raise interest rates in response to inflation rates or to adjust monetary policy, this will lead to an increase in borrowing costs. Inflation and economic recession may also lead to changes in interest rates, as they are usually raised to combat inflation, which increases financing costs, or lowered during periods of economic recession, which may affect the returns on short-term investments that the company may hold. In addition, global economic and political changes, such as financial crises, trade disputes, or unstable political conditions, may lead to changes in interest rate policies, which may affect the company's financing costs. Banks' assessment of credit risks may also lead them to impose higher interest rates on companies they consider to have greater credit risks, which may lead to a further increase in the cost of borrowing.

An increase in interest rates leads to higher financing costs, which raises the payments due on existing and new loans and bank facilities, and this leads to an increase in interest burdens and a decrease in net profits. Furthermore, rising interest rates may shrink the company's ability to borrow, which may limit its expansion plans and affect its ability to invest in developing its business. In addition, the increase in financing costs may reduce available cash flows, which may force the company to adjust its financial strategies or search for alternative sources of financing.

The company has not entered into any hedging agreements against interest rate fluctuations, and if it decides to resort to hedging instruments in the future, this may be costly and may not provide it with full protection from any additional increases in interest rates. Given that interest rates can change rapidly and in unexpected ways, any unforeseen increase may have a negative and material impact on the company's financial position and its cash flows, which may negatively affect its business, the results of its operations, its profitability, and its future expectations.

2-2-11 Risks Related to the Imposition of New Fees or Taxes

The company is currently subject to zakat and value-added tax (VAT) in accordance with the laws and regulations in force in the Kingdom of Saudi Arabia. However, the regulatory and tax environment is constantly changing, and the Saudi government may impose additional fees or taxes on companies in the future, whether direct taxes such as income tax, indirect taxes such as excise taxes, or new regulatory fees related to the company's sector or the services it provides.

If new taxes are imposed or existing tax rates are increased, the company may face additional costs that impact its profit margins. The company will be forced to pay additional amounts to the government, reducing its net profit. Imposing additional fees on the company's activities or services may also lead to increased operating costs, which may be reflected in the prices the company offers to its customers, potentially reducing its competitiveness in the market.

In addition, any changes in tax policies may require the company to review its financial structure or adjust its pricing policies, which could result in additional costs associated with operational adjustments or compliance with new regulations. The company may also need to allocate additional financial and administrative resources to ensure compliance with these laws, including hiring financial and legal advisors to provide the necessary advice on how to handle these changes.

Furthermore, new taxes or additional fees may impact the business and investment environment in the Kingdom, potentially limiting market growth and affecting demand for the company's services. If the company is unable to pass these additional costs on to its customers through higher prices, this could lead to a decline in profit margins. Any failure to comply with the new taxes could expose the company to legal risks, including financial fines or regulatory penalties, which could negatively impact its reputation and the confidence of investors and customers.

Accordingly, any future imposition of new taxes or fees by regulatory authorities may have a material adverse impact on the Company's financial position, cash flows, profitability, and operational performance, which may affect its ability to implement its expansion strategies and business growth in the future.

2-2-12 Risks Related to the Competition Law and its Implementing Regulation

The Competition Law in the Kingdom of Saudi Arabia, in accordance with Royal Decree No. (M/75) dated 29/06/1440H (corresponding to 06/03/2019G), aims to protect fair competition in the market, promote the principles of a free market and price transparency, and prevent monopolistic practices that could harm competition. Consequently, companies whose status is classified as dominant in the market are subject to strict regulatory restrictions to ensure that they do not unfairly exploit their position towards competitors or consumers.

In the event that the company is classified by the General Authority for Competition as having a dominant position in its sector, it will be obligated to fully comply with the provisions contained in the Competition Law and its executive regulations issued by Resolution No. (327) dated 25/01/1441H (corresponding to 24/09/2019G). This includes refraining from any practices that may be interpreted as an abuse of a dominant position, such as imposing unfair prices, imposing unbalanced contractual terms, restricting competitors' access to the market, or taking measures that hinder fair competition.

In the event of the company's non-compliance with the regulatory rules of the Competition Law, it may be subject to large financial fines, as the law stipulates the imposition of fines of up to 10% of the value of the annual sales (revenue) related to the violation, or a financial fine of up to 10 million Saudi Riyals if the annual revenue cannot be determined, which may significantly affect the company's financial position. Additional daily fines of up to 10% of the value of the original fine can also be imposed in the event of the continuation of the violation, which may lead to huge financial obligations.

Furthermore, the General Authority for Competition has broad powers to take additional legal action against non-compliant companies, including the partial or complete suspension or cessation of the company's activities, whether temporarily or permanently, in the event of repeated violations, which may lead to disrupting the company's business and weakening its market share. This may also lead to harming the company's reputation and a negative impact on its relationships with its clients and business partners, which may put it in an unfavorable competitive position.

Moreover, engaging in legal proceedings related to competition issues can be costly and prolonged, which drains the company's financial and administrative resources and limits its focus on developing its operational processes. The company may also be forced to bear additional costs associated with hiring legal consultants and economic experts to defend its position in such cases.

Based on the foregoing, any failure on the part of the company to comply with the provisions of the Competition Law may lead to the imposition of strict penalties, including large financial fines, complex legal procedures, and restrictions on the company's activities, which may have a negative and material impact on the company's business, the results of its operations, its financial position, and its future expectations.

2-2-13 Risks Related to Changes in the Regulatory Environment Which Affect How the Company Conducts its Operations

The Company is subject to a set of laws and regulations in the Kingdom, which are implemented by a number of government agencies in accordance with government policies and directives. Any amendments to the laws, regulations, policies, and administrative directives of the government or their interpretations in the Kingdom, including specifically those applicable to the Company's business sectors in the Kingdom, will have a material and negative impact on demand for the products and services provided by the Company.

2-2-14 Risks Related to the Cessation of Government Incentives Supporting Industrial Development

The company enjoys the Kingdom's government support incentives for the industrial sector to incentivize establishments in the industrial sector, including but not limited to, the initiative to reduce the financial fee for non-Saudi workers in industrial establishments. The company has also historically benefited from the incentives offered by the government to investors to support manufacturing in the Kingdom, including providing financing through the Saudi Industrial Development Fund, which offers facilitated loans to support the industrial sector, and supporting infrastructure and providing land, energy, and water at reduced prices. These incentives played an important role in the success of the company's operations, noting that the company has historically obtained financing through the Saudi Industrial Development Fund in the amount of (34,000,000) Saudi Riyals.

If the company fails to comply with the instructions and circulars or changes the relevant policies and regulations, the company may face negative repercussions that could impact the company's business, its subsidiaries' financial position, and the results of its operations.

2-3 Risks related to securities listed on the main market

2-3-1 Risks Related to Failure to Meet Liquidity Requirements in the Main Market After the Transfer

Fulfilling liquidity requirements is one of the basic conditions for the company's transfer to the Main Market, and it also represents an ongoing obligation that must be maintained after the transfer. Failure to meet these requirements may lead to negative consequences, such as the re-classification of the company's shares for trading on the Parallel Market – Nomu, which may affect the company's reputation and investor confidence.

According to the latest available shareholders' register, the percentage of total shares owned by public shareholders was (31.55%), while the percentage of total shares owned by public shareholders meeting the additional eligibility criteria was (31.41%), based on the financial report issued on 23/06/1447H (corresponding to 14/12/2025G). Any material changes in the percentage of public ownership, whether due to the concentration of ownership in the hands of a limited number of key investors or a decline in the interest of individual and institutional investors, may lead to a decrease in the required liquidity level in the Main Market, which may expose the Company to the risks of non-compliance with market requirements.

Furthermore, a low level of liquidity may directly affect the share's valuation and the ease of its trading, as a decrease in trading volume reduces the share's attractiveness to new investors. In addition, a large ownership percentage by key shareholders may reduce the number of shares available for free float, which weakens market activity and limits investors' ability to easily enter or exit their investment positions.

Accordingly, it is essential for the company to take proactive measures to maintain the required liquidity level in the Main Market, whether by stimulating trading on its shares, increasing the investor base, or enhancing transparency and governance to ensure the continued confidence of investors in the company and its share.

2-3-2 Risks Related to Potential Fluctuations in Share Price

After the company transitions to the main market, its share price may experience significant fluctuations, whether due to general market factors or changes in supply and demand. These fluctuations could have a negative impact on the share value, which could negatively impact investor confidence and affect the share's attractiveness in the market.

Furthermore, the share may face selling pressure from some investors who may wish to book profits after listing on the main market, or due to changing strategies from institutional investors who may reevaluate their investment positions based on new criteria.

Moreover, investors' lack of clarity regarding the company's future plans, or any delay in implementing announced growth strategies, could lead to increased volatility in the share price. Therefore, the company's management needs to enhance transparency and maintain continuous communication with investors to clarify its future direction and support the stability of the share price in the market.

2-3-3 Risks Related to Forward-Looking Statements

The company's future expectations are based on assumptions and estimates that may change over time, making financial statements and forecasts uncertain. Economic factors, regulatory changes, or unforeseen market conditions may affect the company's ability to achieve its intended results.

Accordingly, failure to meet expectations or significant differences between actual and expected performance could negatively impact the share price and investor confidence. Operational challenges or changes in the company's strategy may also contribute to reduced accuracy of future forecasts.

Therefore, investors should be aware that future data does not represent a guarantee of actual results, and that changing factors may affect the company's financial and operational performance in unexpected ways. It is important for the company to maintain transparency in disclosing its data and to regularly update investors on any developments that may affect its financial expectations.

2-3-4 Risks Related to the Possibility of Issuing New Shares

In the event that the company decides to issue new shares in the future, whether to finance expansion and growth, settle financial obligations, or for any other purposes, this may lead to potential impacts on its current shareholders. The issuance of new shares may cause a dilution of the ownership percentage of existing shareholders (price dilution), which may affect the value of their investments.

Furthermore, issuing additional shares may require regulatory approvals and legal procedures, which can take time and impact the company's financial plans. Furthermore, increasing the number of shares available on the market may impact the share price, especially if the new issue is not met with sufficient investor demand.

Therefore, the company's decisions regarding any future share issuances should take into account the potential impact on existing shareholders and be disclosed transparently to ensure clarity for investors and support share price stability.

2-3-5 Risks Related to Dividend Distribution to Shareholders

The decision to distribute dividends to shareholders depends on several factors, including the company's financial performance, liquidity level, and financing needs for future projects. If the company decides not to distribute dividends for a given period, this could negatively impact investor expectations and the stock's market value, especially if cash dividends constitute a significant portion of investor returns.

Furthermore, the company may face regulatory or financial restrictions that prevent it from distributing profits, such as obligations related to loans or capital retention requirements to support expansion and growth plans. The Board of Directors may also decide to reinvest profits in the company instead of distributing them to shareholders, which may not be consistent with the expectations of some investors who rely on cash returns.

Therefore, investors should realize that dividends are not guaranteed, and that the Board's decision regarding dividends depends on a number of factors that may change over time. It is important for the company to provide sufficient transparency about its financial strategy and dividend plans to maintain investor confidence and stabilize the share price.

2-3-6 Risks Associated with The Actual Control by Current Shareholders After the Transfer

After the company's transfer to the Main Market, some existing shareholders may continue to retain large stakes of shares, which may grant them significant influence over the company's key decisions, including the appointment of Board of Directors members, the determination of financial policies, and the making of strategic decisions that may not necessarily align with the interests of all shareholders.

This control can lead to the concentration of investment and management decisions in the hands of a limited number of shareholders, which may reduce the ability of other shareholders to influence the course of the company, especially if there is an imbalance in the representation of all shareholders on the Board of Directors.

Furthermore, this control may affect the level of liquidity in the market, as major shareholders holding large stakes may reduce the number of shares available for free trading, which may limit the attractiveness of the share to new investors and affect price movement.

Accordingly, potential investors should take these factors into consideration when evaluating an investment in the company's shares, and the company should enhance governance and transparency to ensure that decisions are made in the best interests of all shareholders.

2-3-7 Risks Related to the Sale of a Large Number of Shares in the Market After the Transfer to the Main Market

The sale of a large number of the issuer's shares after the completion of the transfer process, or even the expectation of such sales, may negatively affect the share price in the market. Furthermore, the sale of large quantities of shares by some existing shareholders, particularly large shareholders who own 5.00% or more of the issuer's shares, may lead to increased selling pressure, which may affect the stock's stability and cause a decrease in its market value.

Therefore, any significant changes in the ownership of major shareholders should be taken into consideration by investors, as they may have a direct impact on the share's performance and market liquidity.

2-3-8 Risks Related to the Suspension of Trading or Cancellation of the Company's Shares Due to Failure to Publish its Financial Statements within the Statutory Period

In the event that the company is unable to publish its financial information within the statutory period on the Main Market (thirty days from the end of the financial period for interim financial statements, and four months from the end of the financial period for annual financial statements), the securities suspension procedures specified in the Capital Market Authority's regulations will be applied, which may lead to the suspension of trading of the company's shares on the Saudi Exchange Company (Saudi Exchange).

The company is required to publish its financial statements on time to avoid any potential suspension of trading. This suspension may be temporary, and in some cases, may extend to the complete delisting of the company's shares if the necessary corrective measures are not taken.

If the share's trading is suspended, it could negatively impact investor confidence and limit their ability to buy or sell shares, potentially causing a decline in the company's market value when trading resumes. If the company's shares are delisted, this could have a significant negative impact on shareholders, restricting their ability to liquidate their investments, impacting the share's liquidity and future price.

Therefore, the company must commit to publishing its financial statements on time, in accordance with financial market regulations, to avoid any regulatory actions that may negatively impact its market position and investor confidence.

3

Purpose of Transfer to the Main Market

3- Purpose of Transfer to the Main Market

This section includes information related to the transfer of the issuer's shares to the main market and the main benefits achieved by the issuer and shareholders from the transfer process.

3-1 Fulfilling the conditions for transitioning from the Parallel Market to the Main Market

- On 13/06/1445H (corresponding to 26/12/2023G), the company's Board of Directors approved the transfer of the company's shares from the Parallel Market to the Main Market in accordance with the provisions of the Listing Rules issued by the Saudi Tadawul Company and approved by the Capital Market Authority Board Resolution No. (3-123-2017) dated 09/04/1439H (corresponding to 27/12/2017G), and amended by its Resolution No. (1-104-2019) dated 01/02/1441H (corresponding to 30/09/2019G), and amended by its Resolution No. (1-22-2021) dated 12/07/1442H (corresponding to 24/02/2021G), and amended by its Resolution No. (1-19-2022) dated 12/07/1443H (corresponding to 13/02/2022G), and amended by its Resolution No. (1-52-2022) dated 12/09/1443H (corresponding to 13/04/2022G), and amended by its Resolution No. (3-96-2022) dated 10/02/1444H (corresponding to 06/09/2022G), and amended by its Resolution No. (1-108-2022) dated 23/03/1444H (corresponding to 19/10/2022G), and amended by its Resolution No. (4-114-2024) dated 04/04/1446H (corresponding to 07/10/2024G) amended by the Authority's Board Resolution No. (1-48-2025) dated 02/11/1446H (corresponding to 30/04/2025G), amended by the Authority's Board Resolution No. (2-53-2025) dated 21/11/1446H (corresponding to 19/05/2025G), and amended by the Authority's Board Resolution No. (2-135-2025) dated 03/06/1447H (corresponding to 24/11/2025G), and any amendments that may arise, and in accordance with what is stated in the Securities Issuance Rules and Ongoing Obligations issued by the Capital Market Authority Board by Resolution No. (3-123-2017) dated 09/04/1439H (corresponding to 27/12/2017G) based on the Capital Market Law issued by Royal Decree No. (M/30) dated 02/06/1424H (corresponding to 31/07/2003G), and amended by the Authority Board Resolution No. (8-5-2023) dated 25/06/1444H (corresponding to 18/01/2023G), and amended by the Authority Board Resolution No. (3-6-2024) dated 05/07/1445H (corresponding to 17/01/2024G), and amended by the Authority Board Resolution No. (3-114-2024) dated 04/04/1446H (corresponding to 07/10/2024G) amended by the Resolution of the Capital Market Authority's Board No. (1-53-2025) dated 21/11/1446H (corresponding to 19/05/2025G), amended by the Authority's Board Resolution No. (1-94-2025) dated 09/03/1447H (corresponding to 01/09/2025G), and amended by the Authority's Board Resolution No. (1-135-2025) dated 03/06/1447H (corresponding to 24/11/2025G), and any amendments that may arise.
- As the Issuer's Board of Directors deemed it to be in the best interest of the company and its shareholders to benefit from the available options in the Listing Rules regarding the transfer from the Parallel Market to the Main Market and the advantages that accrue to the Issuer and its share-holders, as the company's shares were listed and traded on the Parallel Market on 15/06/1443H (corresponding to 18/01/2022G), and thus it has spent two calendar years in accordance with the provisions of Paragraph (A) of Article Forty-Six of the Listing Rules.
- According to the shareholders' register on 23/06/1447H (corresponding to 14/12/2025G), the company meets the liquidity requirements in accordance with Sub-paragraph (B) of Article Seven of the Listing Rules for the shares subject to the request to transfer to the Main Market, as the number of public shareholders - according to the definition of the public in the Market's list of terms - was (903) shareholders, and their owner-ship amounts to (78,867,596) shares, which represents (31.55%) of the company's total shares.
- Based on the shareholders' register on 23/06/1447H (corresponding to 14/12/2025G), the company meets the additional criteria related to the availability of liquidity in the shares subject to the transfer request to the Main Market in accordance with the fourth tranche, as the number of public shareholders meeting the additional eligibility criteria (who own 1,000 shares or more) was (629) shareholders, and their ownership amounts to (78,518,246) shares, which represents (31.41%) of the company's total ownership, with a total nominal value of (78,518,246) Saudi Riyals.
- The issuer has also met the total market value during the twelve months preceding the date of submitting the application to transfer to the main market to the Saudi Stock Exchange.
- The issuer also met the governance requirements of the main market.

4

About
The Company

4- About The Company

4-1 Introduction

Alwasail Industrial Company (the "Company" or the "Issuer") was established as a sole proprietorship owned by Saleh bin Abdullah bin Abdulaziz Al-Mushekih under the name "Wasail Agricultural Establishment" pursuant to Commercial Registration No. (1131002483) issued in the city of Buraidah on 29/03/1400H (corresponding to 16/02/1980G), with a capital of fifty thousand (50,000) Saudi Riyals. On 12/03/1411H (corresponding to 16/06/1991G), the owner decided to convert Wasail Agricultural Establishment into a general partnership under the name "Alwasail Agricultural Company owned by Abdulrahman bin Abdullah Al-Mushekih and Brothers," and the capital was increased to two hundred thousand (200,000) Saudi Riyals divided into five (5) in-kind equal shares resulting from a valuation of the Establishment's net assets at a value agreed upon among the partners. The value of each share was forty thousand (40,000) Saudi Riyals. The Company was registered in the commercial register in the city of Buraidah under No. (1131002483), and its articles of association were notarized by a notary public under No. (664) dated 03/12/1411H (corresponding to 16/06/1991G).

On 13/10/1427H (corresponding to 04/11/2006G), the partners unanimously approved the conversion of the Company from a general partnership into a closed joint stock company with a capital of one hundred million (100,000,000) Saudi Riyals divided into ten million (10,000,000) ordinary shares, with a nominal value of ten (10) Saudi Riyals per share, all of which are ordinary shares. The increase amounting to ninety-nine million eight hundred thousand (99,800,000) Saudi Riyals was fully paid in cash by the shareholders. The Company's name was also amended to become "Wasail Industrial Company." The Company was registered in the register of joint stock companies pursuant to Ministerial Resolution No. (216/Q) dated 20/08/1428H (corresponding to 02/09/2007G) and Ministerial Resolution No. (269/Q) dated 29/10/1428H (corresponding to 10/11/2007G), and recorded under Commercial Registration No. (1131002483) dated 29/03/1400H (corresponding to 16/02/1980G) issued in the city of Buraidah.

On 25/07/1434H (corresponding to 04/06/2013G), the Extraordinary General Assembly approved an increase in the Company's capital from one hundred million (100,000,000) Saudi Riyals to two hundred fifty million (250,000,000) Saudi Riyals, divided into twenty-five million (25,000,000) fully paid ordinary shares, through granting one and a half (1.5) bonus share for each one (1) share held by the shareholders registered on 25/07/1434H (corresponding to 04/06/2013G), which represents the date of convening the Extraordinary General Assembly, by issuing fifteen million (15,000,000) ordinary shares with a nominal value of ten (10) Saudi Riyals per share. The increase amounting to one hundred fifty million Saudi Riyals was paid through one hundred forty million (140,000,000) Saudi Riyals from retained earnings, and the transfer of ten million (10,000,000) Saudi Riyals from the statutory reserve account.

On 09/02/1443H (corresponding to 16/09/2021G), the Extraordinary General Assembly approved the registration, offering and listing of the Company's shares on the Parallel Market. On 15/06/1443H (corresponding to 18/01/2022G), the Company was listed on the Parallel Market (Nomu), following the approval of the Capital Market Authority (CMA) dated 08/03/1443H (corresponding to 03/11/2021G).

On 01/05/1445H (corresponding to 15/11/2023G), the Extraordinary General Assembly approved splitting the nominal value of the share from ten (10) Saudi Riyals per share to one (1) Saudi Riyal per share, resulting in an adjustment of the number of the Company's shares from twenty-five million (25,000,000) ordinary shares to two hundred fifty million (250,000,000) ordinary shares without any change in the capital value.

On 13/06/1445H (corresponding to 26/12/2023G), the Company's Board of Directors approved transferring the Company's shares from the Parallel Market to the Main Market with a number of two hundred fifty million (250,000,000) ordinary shares and a total value of two hundred fifty million (250,000,000) Saudi Riyals. On 29/05/1446H (corresponding to 01/12/2024G), the Company's Board of Directors issued a resolution to revoke the previous recommendation to present the matter to the Extraordinary General Assembly, and to suffice with the Board's resolution approving the transfer of the Company's shares to the Main Market.

4-2 The Company's Vision

To become Alwasail Industrial Company a global leader in the manufacture of high-density polyethylene pipes and products, serving the production and service sectors and infrastructure projects, both domestically and internationally.

4-3 The Company's Mission

Achieving high quality in the manufacture and trade of polyethylene pipes and their derivatives to the extent that satisfies customers in all areas served by the company's products.

4-4 The Company's General Strategy

Our vision is for Alwasail Industrial Company to become a leader in the production and marketing of polyethylene pipes and their accessories in all vital fields of life, and to be a leading company in its field globally. One of the company's priorities is to strive to increase success rates by focusing on its investments on the one hand and on developing its employees on the other, which will lead to an increase in business volume and the growth and success of the company. The company's strategy revolves around the following:

- Reaching the largest segment of customers by effectively marketing the company's trademark through its branches spread through-out the Kingdom and working to increase the company's market shares all over the Middle East in addition to its branches.
- Maintaining the company's trademark and working to increase its awareness and marketing by participating in local and international exhibitions, and conducting advertising campaigns that make an impact in social responsibility.
- Maintaining a commitment to continuous improvement and development over the long term, maintaining industrial and techno-logical modernity to increase operational efficiency, and maintaining the highest levels of quality for its products.
- Increasing production and reducing manufacturing waste rates by improving production structure and applying the highest safety and environmental standards, as well as increasing factory efficiency and energy efficiency, which helps reduce operating costs and increase the company's profitability.
- Adopting a policy of developing the company's employees by sending students on scholarships to obtain appropriate training and qualifications to work for the company, and attracting recent graduates and talented and competent individuals to utilize their talents in driving progress in the field of engineering and business administration, as the company's success in the past and future depends primarily on the efficiency of the employee and the work of the team.

4-5 The company's Strengths and Competitive Advantages

- Providing a wide range of products, the company produces pipes and complementary products.
- The company's products are of high quality. The company has earned its reputation and fame both in Saudi Arabia and across the region, thanks to the high quality of its products. The company's products are ISO 9001 certified and have received European and American certifications. The company's products are also accredited by major companies and government institutions in the Kingdom, such as Aramco Company and Maaden Company.
- The company is classified as an approved supplier to Aramco Company.
- The wide use of products such as irrigation, potable water, sewage, oil and gas transportation, telecommunications, and electricity allows for diversified revenues and mitigates the company's exposure to sector-specific risks. It also helps the company maintain its revenues across the economic cycle.
- Widely spread throughout the Kingdom of Saudi Arabia, the company has 25 branches across 22 commercial registers in the Kingdom, in addition to its main headquarters. This enables it to supply its products to any region across the Kingdom, ensuring customers have easy access to products.
- A large percentage of the company's sales are cash sales through the company's various branches, which makes the company enjoy good financial efficiency.
- Providing advice and technical support to clients. The company provides advice and technical support to clients during project implementation. There is also an after-sales services department whose mission is to follow up on customer suggestions and work to en-sure their satisfaction.

4-6 Evolution of The Company's Business Model

4-6-1 The Company General Activities

The company operates under Commercial Registration No. (1131002483) dated 29/03/1400H (corresponding to 16/02/1980G) issued in the city of Buraidah.

The company's activities, as stated in its commercial register, include the wholesale sale of spare parts for agricultural equipment and machinery, and the wholesale sale of raw plastics, rubber, and synthetic fibers. The company's activities, as stated in its articles of association, include the following:

- Manufacture of plastics and synthetic rubber in primary forms
- Manufacture of synthetic fibers
- Manufacture of plastic products
- Manufacture of basic iron and steel
- Manufacture of other electrical and electronic wires and cables
- Manufacture of agricultural and forestry machinery
- Wholesale of agricultural machinery, equipment and supplies
- Wholesale of waste, scrap and other products not elsewhere classified
- Land transport of good.

The company conducts its activities in accordance with applicable regulations and after obtaining the necessary licenses from the relevant authorities, including the necessary regulatory licenses - if any - required by the prevailing regulations in force in the Kingdom of Saudi Arabia. The company has obtained all regulatory licenses, and all of these licenses remain valid as of the date of this document. (See Section 6.2 – Government Approvals, Licenses, and Certificates of this document.)

The Company conducts its principal activities through its head office in Buraidah. As of the date of this document, the Company's Board of Directors acknowledges that the Company has two branches outside the Kingdom, namely the Dubai branch and the Oman branch. The Board further confirms that there is no intention to make any material change to the nature of the Company's business, and that there are no new activities or products.

4-6-2 The Company's Business Model

The company's current activity is the production of polyethylene pipes, fittings, and their accessories, which are used in multiple applications including irrigation networks, water and sewage networks, and gas, electricity, and telecommunications pipes, in addition to many industrial uses. The company also manufactures rubber products, which include pipe gaskets, flat sponge thermal insulators, and circular rings for pipe insulation.

The company produces both polyethylene pipes and rubber products through its factories as follows:

Alwasail Industrial Company Factory with Commercial Registration No. (1131009107) dated 15/07/1411H (corresponding to 31/01/1991G) issued from Buraidah, comprising a group of seven factories with a total of 100 production lines. It works on producing High-Density Polyethylene pipes, Low-Density Polyethylene pipes, internal lining products, corrugated pipes, and network fittings and accessories under an industrial facility license issued by the Ministry of Industry and Mineral Resources with Resolution No. (1410100188288), dated 26/02/1410H (corresponding to 26/09/1989G) which expires on 05/12/1451H (corresponding to 08/04/2030G). The production capacity of the factories reaches eighty thousand eight hundred and eighty-five (80,810) tons annually on the basis of 330 working days per year.

The Saudi Factory for Rubber Products: A branch of Alwasail Industrial Company with Commercial Registration No. (1131014314) dated 12/03/1419H (corresponding to 07/07/1998G) issued from Buraidah, the factory works on Semi-finished plastic products, including sheets, strips, plates, bands, pipes and hoses and their accessories, as well as insulation and leak-prevention materials manufacturing under an industrial facility license issued by the Ministry of Industry and Mineral Resources with Resolution

No. (1418100175527), dated 03/08/1418H (corresponding to 03/12/1997G) which expires 09/06/1452H (corresponding to 07/10/2030G). The factory's production capacity reaches two thousand (2,000) tons annually on the basis of 330 working days per year.

Factory Branch of Alwasail Industrial Company with Commercial Registration No. (1131310613) dated 22/05/1442H (corresponding to 07/07/1998G) issued from Buraidah. The factory operates in the manufacturing of plastic pipes, hoses, and tubes and their fittings and accessories under an industrial facility license issued by the Ministry of Industry and Mineral Resources pursuant to Resolution No. (4702127044), dated 12/02/1447H (corresponding to 06/08/2025G), which expires on 23/02/1448H (corresponding to 06/08/2026G). The factory's production capacity reaches fifty-three thousand seven hundred and fifty (53,750) tons annually on the basis of 330 working days per year.

The following table shows a summary of the company's factories:

Table (8): The company's factories

Manufacturing Units / Factories	Location	Area m^2	Products	Maximum production capacity (Annually)	License No.	Issue date	Expiration date
Alwasail Industrial Company Factory (including six (6) separate factories)							
- Pipe Production Unit (A) - Pipe Production Unit (B) - Pipe Production Unit (C) - Production Unit (D) - RTP Production Unit - Injection Unit for parts manufacturing - Electrofusion Unit	The first industrial city in Qassim, Buraidah	125,000	Polyethylene pipes, tubes, fittings and plastic valves manufacturing	80,810 tons	Resolution No. (1410100188288)	26/02/1410H (corresponding to 26/09/1989G)	05/12/1451H (corresponding to 08/04/2030G)
The Saudi Factory for Rubber Products							
Saudi Factory for Rubber Products	The first industrial city in Qassim, Buraidah	6,480	Semi-finished plastic products, including sheets, strips, plates, bands, pipes and hoses and their accessories, as well as insulation and leak-prevention materials manufacturing	2,000 tons	Resolution No. (1418100175527)	03/08/1418H (corresponding to 03/12/1997G)	09/06/1452H (corresponding to 07/10/2030G)
Factory Branch of Alwasail Industrial Company							
Spiral Production Unit	The first industrial city in Qassim, Buraidah	15,000	Plastic pipes, hoses, and tubes, including their fittings and accessories manufacturing	53,750 tons	Resolution No. (4702127044)	12/02/1447H (corresponding to 06/08/2025G)	23/02/1448H (corresponding to 06/08/2026G)

Source: The Company

Table (9): Details of the production units of the company's factories:

Production Unit	Number of Production Lines	Products	Size Availability (in millimeters)	Feeding System
Pipe Production Unit (A)	10	• Irrigation, communication, and water network pipes • Self-drip irrigation pipes • Project pipe rolls up to (2,000) meters	From (4) to (50)	Automatic raw material feeding system
Pipe Production Unit (B)	18	• Irrigation, communications, water, and gas network pipes. • Telecommunications project pipes equipped with cable pull ropes. • Pipe rolls for projects up to (2,000) meters.	From (8) to (110)	Automatic material feeding system.
Pipe Production Unit (C)	18	• Water, sewage, and gas network pipes. • Special pipes for drainage, communications, and power lines. • Pipes up to (200) millimeters long, (100) meters per roll or more.	From (90) to (1,200)	Automatic raw material feeding system for production lines
Injection Production Unit for Parts Production	47	• Parts, connectors and networking supplies of all kinds.	All sizes	Automatic material feeding system.
The Saudi Factory for Rubber Products	16	• Rubber products manufacturing (sealants and insulating foam)	All sizes	Mixed material feeding system
Production Unit (D)	7	• Parts, fittings and irrigation network supplies	All sizes	Automatic material feeding system.
RTP Production Unit	1	• High pressure pipes for wells and oil	4-8 inch	Automatic material feeding system.
Spiral Production Unit	1	• Flood drainage pipes for major countries	1,000m – 3,500m	Automatic material feeding system.
Electrofusion Production Unit	1	• Production of electric welding parts	All sizes	Manual material feeding system

Source: The Company

4-6-3 Manufacturing Stages

The stages of production of the products produced by the factory are as follows:

A. Pipe production:

- Main tank filling stages.
- Feeding and calibration stage.
- Extrusion stage.
- Inspection and quality stage.

B. Production of parts and connections :

- Raw materials are mixed according to the required product and approved by the quality department.
- The injection mold for this product is assembled and prepared for production (cooling lines installed - ejection shaft connected).
- Feeding the machine with previously prepared raw materials.
- Adjust machine settings for temperature, pressure, and injection speed.
- Produce product samples in manual mode and send them to the quality department.
- After ensuring product compliance, the machine is put into automatic mode and production begins.

4-7 Governance and Institutional Organization

The company sought to implement the provisions of the Corporate Governance Regulations issued by the Capital Market Authority, as the following table clarifies the practices of the Board of Directors in the provisions of the Corporate Governance Regulations that were applied after listing its shares on the Parallel Market on 15/06/1443H (corresponding to 18/01/2022G):

Table (10): Non-applied guiding articles of the Corporate Governance Regulations

As in the Board of Directors' Report issued for the year 2024G	
Non-Applicable Guidance Articles of the Corporate Governance Regulations (Guidance Articles)	Article (37), Article (67), Article (68), Article (69), Article (82), Article (84), Article (85), Article (92).
Non-applicable mandatory articles of the Corporate Governance Regulations	None

Source: Board of Directors Report for 2023G and The Company.

4-8 Dividend Distribution

The Company has declared and distributed cash dividends to its shareholders, as reflected in the financial statements for the financial year ended 31 December 2023 (including comparative figures for the financial year ended 31 December 2022), the reviewed financial statements for the financial year ended 31 December 2024 (including comparative figures for the financial year ended 31 December 2023), and the reviewed financial statements for the financial period ended 30 June 2025 (including comparative figures for the financial period ended 30 June 2024). The table below sets out the dividends distributed during these periods:

Table (11): Dividend Distribution

Statement	Fiscal year ending December 31, 2022G	Fiscal year ending December 31, 2023G	Fiscal year ending December 31, 2024G	Financial period ending June 30, 2025G
Net profit for the year/period (Saudi Riyals)	32,266,664	33,588,955	39,136,831	16,843,451
Dividend distributions during the year/period (Saudi Riyals)	12,500,000	18,750,000	37,500,000	12,500,000
Dividends paid during the year/period (Saudi Riyals)	12,500,000	18,750,000	37,500,000	12,500,000
Earnings per share from net profit (Saudi Riyals)(1)	0.13	0.13	0.16	0.07
Dividend payout ratio to net profit (%)	38.74%	55.82%	95.82%	74.21%
Dividend payout ratio to capital (%)	5.00%	7.50%	15.00%	5.00%

Source: The company's Reviewed Financial Statements for the financial year ended December 31, 2022G, the financial year ended December 31, 2023G, the financial year ended December 31, 2024G, and the financial period ended June 30,2025G.

(1) The value was calculated on the basis of the weighted average of the number of shares amounting to two hundred and fifty million (250,000,000) ordinary shares for the years 2022G, 2023G, and 2024G, and for the period ended June 30,2025G.

5

The organizational structure and corporate governance.

5- The organizational structure and corporate governance.

5-1 Company Information and Incorporation History

5-1-1 Company History and Capital Development

- Alwasail Industrial Company (the "Company" or the "Issuer") was established as a sole proprietorship owned by Saleh bin Abdullah bin Abdulaziz Al-Mushekih under the name "Alwasail Agricultural Establishment" pursuant to Commercial Registration No. (1131002483) issued in the city of Buraidah on 29/03/1400H (corresponding to 16/02/1980G), with a capital of fifty thousand (50,000) Saudi Riyals.
- On 03/12/1411H (corresponding to 16/06/1991G), the owner decided to convert Wasail Agricultural Establishment into a general partner-ship under the name "Alwasail Agricultural Company owned by Abdulrahman bin Abdullah Al-Mushekih and Brothers," and the capital was increased to two hundred thousand (200,000) Saudi Riyals divided into five (5) in-kind equal shares resulting from a valuation of the Establishment's net assets at a value agreed upon among the partners. The value of each share was forty thousand (40,000) Saudi Riyals. The Company was registered in the commercial register in the city of Buraidah under No. (1131002483), and its articles of association were notarized by a notary public under No. (664) dated 03/12/1411H (corresponding to 16/06/1991G).
- On 13/10/1427H (corresponding to 04/11/2006G), the partners unanimously approved the conversion of the Company from a general partnership into a closed joint stock company with a capital of one hundred million (100,000,000) Saudi Riyals divided into ten million (10,000,000) ordinary shares, with a nominal value of ten (10) Saudi Riyals per share, all of which are ordinary shares. The increase amounting to ninety-nine million eight hundred thousand (99,800,000) Saudi Riyals was fully paid in cash by the shareholders. The Company's name was also amended to become "Wasail Industrial Company." The Company was registered in the register of joint stock companies pursuant to Ministerial Resolution No. (216/Q) dated 20/08/1428H (corresponding to 02/09/2007G) and Ministerial Resolution No. (269/Q) dated 29/10/1428H (corresponding to 10/11/2007G), and recorded under Commercial Registration No. (1131002483) dated 29/03/1400H (corresponding to 16/02/1980G) issued in the city of Buraidah.
- On 25/07/1434H (corresponding to 04/06/2013G), the Extraordinary General Assembly approved an increase in the Company's capital from one hundred million (100,000,000) Saudi Riyals to two hundred fifty million (250,000,000) Saudi Riyals, divided into twenty-five million (25,000,000) fully paid ordinary shares, through granting one and a half (1.5) bonus share for each one (1) share held by the shareholders registered on 25/07/1434H (corresponding to 04/06/2013G), which represents the date of convening the Extraordinary General Assembly, by issuing fifteen million (15,000,000) ordinary shares with a nominal value of ten (10) Saudi Riyals per share. The in-crease amounting to one hundred fifty million Saudi Riyals was paid through one hundred forty million (140,000,000) Saudi Riyals from retained earnings, and the transfer of ten million (10,000,000) Saudi Riyals from the statutory reserve account.
- On 09/02/1443H (corresponding to 16/09/2021G), the Extraordinary General Assembly approved the registration, offering and listing of the Company's shares on the Parallel Market On 18/03/1443H (corresponding to 24/10/2021G), the Saudi Tadawul Group issued its approval to list the Company on the Parallel Market, conditional upon obtaining the approval of the Capital Market Authority.
- On 08/03/1443H (corresponding to 03/11/2021G), the Board of the Capital Market Authority issued its resolution approving the registration and offering of the Company's shares on the Parallel Market.
- On 15/06/1443H (corresponding to 18/01/2022G), the Company's shares were listed and commenced trading on the Parallel Market. On 01/05/1445H (corresponding to 15/11/2023G), the Extraordinary General Assembly approved splitting the nominal value of the share from ten (10) Saudi Riyals per share to one (1) Saudi Riyal per share, resulting in an adjustment of the number of the Company's shares from twenty-five million (25,000,000) ordinary shares to two hundred fifty million (250,000,000) ordinary shares without any change in the capital value.

- On 13/06/1445H (corresponding to 26/12/2023G), the Company's Board of Directors approved transferring the Company's shares from the Parallel Market to the Main Market with a number of two hundred fifty million (250,000,000) ordinary shares and a total value of two hundred fifty million (250,000,000) Saudi Riyals.
- On 29/05/1446H (corresponding to 01/12/2024G), the Company's Board of Directors issued a resolution to revoke the previous recommendation to present the matter to the Extraordinary General Assembly, and to suffice with the Board's resolution approving the transfer of the Company's shares to the Main Market.

5-1-2 Objectives of the Company

Pursuant to Article (4) of the Articles of Association, the company may engage in the following activities:

- Manufacture of plastics and synthetic rubber in primary forms
- Manufacture of synthetic fibers
- Manufacture of plastic products
- Manufacture of basic iron and steel
- Manufacture of other electrical and electronic wires and cables
- Manufacture of agricultural and forestry machinery
- Wholesale of agricultural machinery, equipment and supplies
- Wholesale of waste, scrap and other products not elsewhere classified
- Land transport of goods.

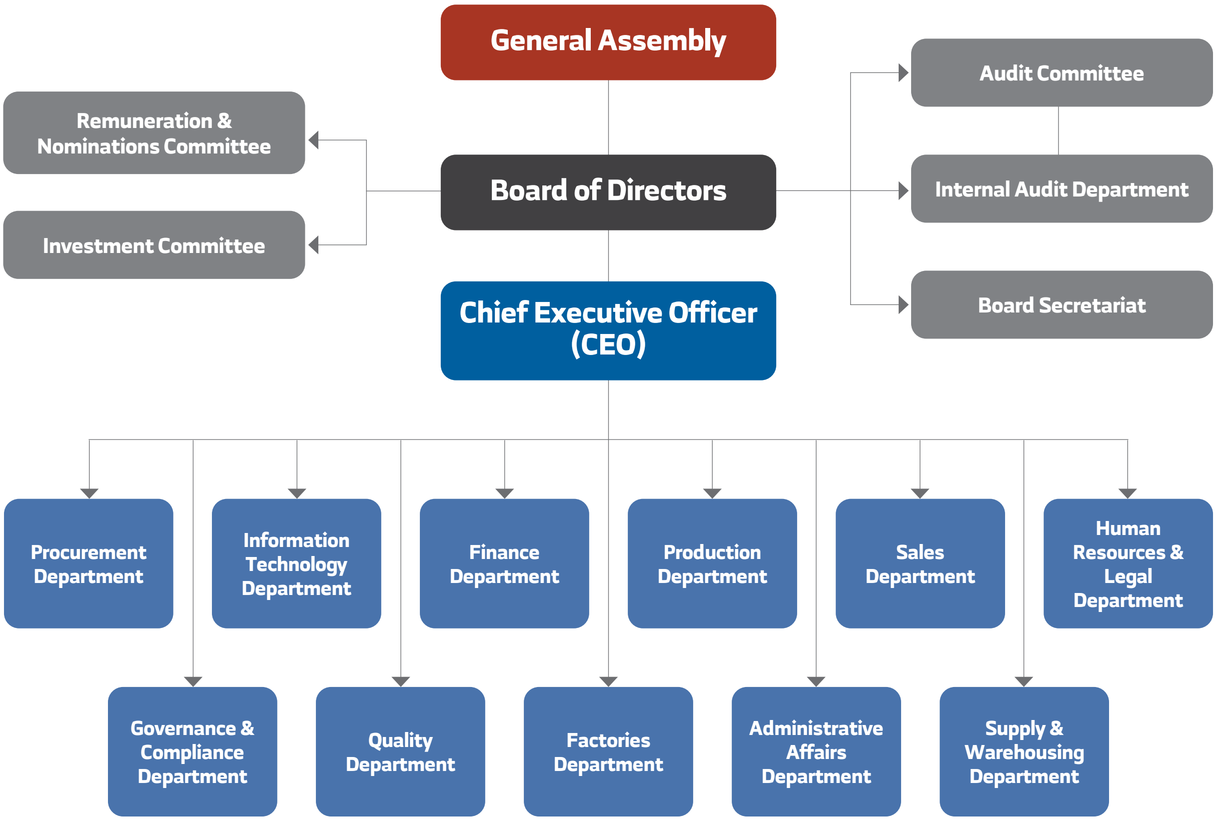
5-1-3 Company's Term

Article (5) of the Company's Articles of Association provides that the Company's term shall be ninety-nine (99) Gregorian years starting from the date of its registration in the Commercial Register as a joint-stock company, and the Company's term may be extended by a resolution issued by the Extraordinary General Assembly at least one year before its expiry.

5-2 The company's organizational structure

The organizational structure was approved by the Board of Directors on 23/04/1446H (corresponding to 26/10/2024G), and the following chart illustrates the approved structure:

Figure (1): The organizational structure of the company



Source: Alwasail Industrial Company

5-3 Board Formation

5-3-1 Board Composition

The company is managed in accordance with Article Fifteen (15) of its Articles of Association by a Board of Directors consisting of nine (9) members, who must be natural persons, elected by the Ordinary General Assembly of Shareholders for a period not exceeding (4) four years.

On 23/05/1446H (corresponding to 25/11/2024G), the Ordinary General Assembly of shareholders elected the members of the Board of Directors for the current term, which commenced on 21/06/1446H (corresponding to 22/12/2024G) for a period of three years and will continue until 23/07/1449H (corresponding to 21/12/2027G). The Board of Directors for the aforementioned term was formed of the following individuals:

Table (12): Names of the Company's Board of Directors and Other Related Information as of the Date of Issuance of this Document

#	Name	Position	Nationality	Membership Status
1	Dr. Abdulrahman Abdullah Abdulaziz Al-Mushekih	Chairman of the Board	Saudi	Non-Executive
2	Saleh Abdullah Abdulaziz Al-Mushekih	Vice Chairman of the Board	Saudi	Non-Executive
3	Abdulaziz Abdullah Abdulaziz Al-Mushekih	Board Member	Saudi	Non-Executive
4	Nasser Abdullah Abdulaziz Al-Mushekih	Board Member	Saudi	Non-Executive
5	Abdulqader Abdullah Abdulaziz Al-Mushekih	Board Member	Saudi	Executive
6	Musaed Sulaiman Al-Abdullah Al-Ohali	Board Member	Saudi	Non-Executive
7	Prof. Dr. Khalid Abdulaziz Fahad Al-Shuraidah	Board Member	Saudi	Independent
8	Rakan Mohammed Abdullah Abunayan	Board Member	Saudi	Independent
9	Ibrahim Saeed Mohammed Al-Mubarak	Board Member	Saudi	Independent

Source: Alwasail Industrial Company

The company shall comply with the Companies Law and the Corporate Governance Regulations issued by the Board of the Capital Market Authority. The issuer shall also comply with the provisions of Article (16) of the Corporate Governance Regulations, which require listed companies to have a majority of non-executive members on the Board of Directors, and that the number of independent members shall not be less than two or one-third of the Board members, (whichever is greater).

Table (13): Chairman of the Board, Vice Chairman, and Board Secretary

#	Appointee's Name	Position
1	Abdulrahman bin Abdullah bin Abdulaziz Al-Mushiqih	Chairman of the Board of Directors
2	Saleh bin Abdullah bin Abdulaziz Al-Mushiqih	Vice Chairman of the Board of Directors
3	Jalal bin Ali bin Mohammed Al-Juraifani	Board Secretary

Source: Alwasail Industrial Company

5-3-2 Shares Held by Board Members According to the Shareholders Register as of 23/06/1447H (corresponding to 14/12/2025G)

Table (14): Shares Held by Board Members According to the Shareholders Register as of 23/06/1447H (corresponding to 14/12/2025G)

#	Name	Position	Directly		Indirectly*		Total	
			Number of Shares (share)	Percentage of Total Capital %	Number of Shares (share)	Percentage of Total Capital %	Number of Shares (share)	Percentage of Total Capital %
1	Dr. Abdulrahman Abdullah Abdulaziz Al-Mushekih	Chairman of the Board	24,447,611	9.78%	None	None	24,447,611	9.78%
2	Saleh Abdullah Abdulaziz Al-Mushekih	Vice Chairman of the Board	39,058,532	15.62%	3,484,533	1.394%	42,543,065	17.02%
3	Abdulaziz Abdullah Abdulaziz Al-Mushekih	Board Member	29,306,128	11.72%	90,000	0.04%	29,396,128	11.76%
4	Nasser Abdullah Abdulaziz Al-Mushekih	Board Member	17,747,426	7.10%	500,807	0.20%	18,248,233	7.30%
5	Abdulqader Abdullah Abdulaziz Al-Mushekih	Board Member	17,950,000	7.18%	261,601	0.10%	18,211,601	7.28%
6	Musaed Sulaiman Al-Abdullah Al-Ohali	Board Member	None	None	None	None	None	None
7	Prof. Dr. Khalid Abdulaziz Fahad Al-Shuraidah	Board Member	440,023	0.18%	None	None	440,023	0.18%
8	Rakan Mohammed Abdullah Abunayan	Board Member	None	None	None	None	None	None
9	Ibrahim Saeed Mohammed Al-Mubarak	Board Member	None	None	None	None	None	None
Total			**128,949,720**	**51.58%**	**4,336,941**	**1.735%**	**133,286,661**	**53.31%**

Source: Shareholders Register issued on 23/06/1447H (corresponding to 14/12/2025G)

Note: The percentages in the above table are rounded.

5-3-3 List of Competing Business Activities of the Board Members

List of Competing Business Activities of Board Member Mr. Musaed Sulaiman Al-Abdullah Al-Ohali, in his capacity as Chairman of the Board of Al-Watania for Industries.

Table (15): List of Competing Business Activities of the Board Member

#	Company Name	Activities	Position
1	Al-Watania for Industries	Production and marketing of packaging materials (plastic, paper, tin) and plastic pipes and fittings	Chairman of the Board

Source: Alwasail Industrial Company

5-3-4 Board Remunerations

The Board of Directors' remuneration shall be determined in accordance with the provisions of the issuer's Articles of Association. The Board of Directors' report for the year 2024G, which was approved by the Board on 16/09/1446H (corresponding to 16/05/2025G), includes a comprehensive statement of all remunerations, allowances, expenses, and other benefits received by the members of the Board of Directors during the fiscal year. It also includes a statement of the number of Board meetings and the number of meetings attended by each member, which was presented to the General Assembly of the issuer for discussion on 30/10/1446H (corresponding to 28/04/2025G).

5-3-5 Board Meetings

Pursuant to Articles Fifteen (15), Twenty-Two (22), and Twenty-Three (23) of the issuer's Bylaws, it is provided that:

5-3-5-1 Article Fifteen (15) of the Bylaws:

The Board of Directors shall convene its meetings at least four times per year upon a written invitation from its Chairman. The invitation shall be in writing and may be delivered by hand or sent by mail, fax, e-mail, or any modern means of communication, in accordance with the controls and regulations set by the competent authority. The meeting notice must include the date and venue of the meeting and be sent within an appropriate period prior to the scheduled meeting date. The Chairman shall also call the Board to meet whenever requested to do so by any member of the Board.

The quorum for the validity of a Board meeting shall be attendance of 50% of the Board members.

The legal quorum for passing resolutions shall be approval of 51% of the members.

Board members may authorize (appoint) another Board member to attend meetings on their behalf.

The communication and meeting procedures of the Board of Directors are as follows:

A. The Board of Directors shall hold regular meetings to effectively discharge its duties and shall also meet whenever necessary.

B. The Board shall convene at least four meetings per year, with not less than one meeting every three months.

C. The Board shall meet periodically upon an invitation from its Chairman or at the request of any member. The invitation to each Board member must be sent at least five (5) days prior to the meeting date and shall be accompanied by the agenda and the necessary documents and information. Such invitation may be delivered personally, by mail, fax, or e-mail.

D. An emergency meeting or a circular (passing) meeting may be held, and the invitation thereto, together with the agenda and required documents and information, may be sent less than five (5) days prior to the meeting date.

E. A meeting shall not be valid unless attended by at least half of the Board members in person or by proxy, provided that the number of members attending in person shall not be less than three (3).

F. Board meetings may be held through modern technological means.

5-3-5-2 Article Twenty-Two (22) of the Bylaws:

A. The Board of Directors shall hold regular meetings to effectively discharge its duties and shall also meet whenever necessary.

B. The Board shall convene at least four meetings per year, with not less than one meeting every three months.

C. The Board shall meet periodically upon an invitation from its Chairman or at the request of any member. The invitation to each Board member must be sent at least five (5) days prior to the meeting date and shall be accompanied by the agenda and the necessary documents and information. Such invitation may be delivered personally, by mail, fax, or e-mail.

D. An emergency meeting or a circular (passing) meeting may be held, and the invitation thereto, together with the agenda and re-quired documents and information, may be sent less than five (5) days prior to the meeting date.

E. A meeting shall not be valid unless attended by at least half of the Board members in person or by proxy, provided that the number of members attending in person shall not be less than three (3).

F. Board meetings may be held through modern technological means.

5-3-5-3 Article Twenty-Three (23) of the Bylaws:

A Board meeting shall not be valid unless attended by at least half of the members in person or by proxy. Where a Board member delegates another member to attend a Board meeting on his behalf, such delegation shall be subject to the following controls: (i) no Board member may act as proxy for more than one member in the same meeting; (ii) the delegation must be evidenced in writing and be specific to a particular meeting; and (iii) the proxy may not vote on resolutions in respect of which the Bylaws require the principal to vote.

Board resolutions shall be adopted by the majority vote of the members attending the meeting in person or represented therein. In the event of an equal number of votes, the side supported by the Chairman of the meeting shall prevail, whether he is the Chairman of the Board or the person presiding over the meeting in his absence.

The Board may hold its meetings by means of modern communication and technological methods whereby all members can communicate with each other during the meeting, provided that copies of the resolutions adopted during such meeting are sent to Board members for signature. The Board may also adopt resolutions by circulation, by presenting them separately to all members in urgent cases, provided that all Board members approve such resolutions in writing. These resolutions shall be presented to the Board at its first subsequent meeting.

5-3-6 Board Responsibilities

Pursuant to Articles Fifteen (15), Seventeen (17), and Twenty-Five (25) of the issuer's Articles of Association, it is provided that:

5-3-6-1 Article Fifteen (15) of the Bylaws:

The Board of Directors shall have the broadest powers to manage the Company in a manner that achieves its objectives. Without limitation, the Board shall have the authority to:

1. Adopt its internal rules of procedure and approve the provisions of the Company's Corporate Governance Regulations.
2. Conclude and execute all contracts and agreements, including, without limitation, purchase and sale contracts, lease and sub-lease contracts, agencies and franchises, and any other documents, transactions, and deals on behalf of the Company, and to enter into tenders in its name.
3. Sign on behalf of the Company the deeds of incorporation, amendments, annexes, and partners' resolutions of companies in which the Company participates, inside and outside the Kingdom; increase their capital; pay the required fees; receive registration certificates; follow up procedures for their merger, conversion, or liquidation; purchase and sell shares or interests therein and assign or dispose of them, whether in whole or in part; publish as required in official newspapers; appear before all governmental authorities; and sign all documents necessary in connection with the foregoing.
4. Open, manage, operate, and close bank accounts; obtain loans and other credit facilities for any period, including loans with tenors exceeding three (3) years, from government financing funds and institutions, commercial banks, financial houses, credit companies, and any other credit providers; issue guarantees and indemnities in favor of any party whenever, in the Board's sole discretion, this serves the Company's interest; execute promissory notes and other commercial papers; and conduct all banking transactions and enter into all banking agreements and arrangements.

   In the case of commercial loans with tenors exceeding three (3) years, the following conditions shall be observed:

   a. The Board resolution shall specify the purposes for which the loan is to be used and the manner of its repayment.
   b. The terms of the loan and the guarantees provided in relation thereto shall be structured so as not to harm the Company, its shareholders, or the general guarantees of creditors.
5. Conclude sale and purchase agreements and lease contracts; purchase, on behalf of the Company, lands, real estate, and other movable and immovable assets necessary to achieve the Company's objectives; sell such assets; complete transfers, registrations, annotations, mortgages and releases of mortgages in respect of any of the Company's properties before courts and notaries public; accept sales; determine prices; and acknowledge receipt thereof.

   With respect to the sale of the Company's real estate, the minutes of the Board meeting and the grounds of its resolution authorizing such disposal shall take into account the following conditions:

a. The Board resolution shall state the reasons and justifications for the sale.

b. The sale price shall be close to the fair market value.

c. The sale shall be on a cash basis, except in cases determined by the Board, provided that adequate guarantees are obtained.

d. Such disposal shall not result in the suspension of any of the Company's activities nor impose additional obligations on it.

6. Settle, waive, contract, commit and undertake obligations; collect the debts of the Company or its subsidiaries; and accept settlements and arbitration.

7. Appoint a Secretary of the Board of Directors upon the Chairman's recommendation.

8. Approve the Company's internal, financial, administrative, and technical regulations, and the policies and regulations relating to its employees.

9. Appoint Company executives with the required experience and competence as the Board deems appropriate; determine their duties and remunerations; appoint a Chief Executive Officer and determine and amend his functions, authorities, duties, and remuneration; and appoint one or more deputies to the Chief Executive Officer.

10. Delegate to Company executives the authority to sign on behalf of the Company within the rules approved by the Board.

5-3-6-2 Article Seventeen (17) of the Bylaws:

The Board of Directors shall obtain the approval of the General Assembly prior to disposing of assets whose value exceeds 50% of the total value of the Company's assets, whether such disposal occurs through a single transaction or a series of transactions. In such case, the transaction that results in exceeding the 50% threshold shall be the transaction requiring General Assembly approval. This percentage shall be calculated from the date of the first transaction completed during the preceding twelve (12) months.

Within the limits of its powers, the Board may delegate one or more of its members, or any third party, to carry out a specific task or tasks.

5-3-6-3 Article Twenty-Five (25) of the Bylaws:

1. Form committees and grant them such powers as the Board deems appropriate, and coordinate among such committees to expedite the consideration of matters referred to them.

2. Insure the Company's movable and immovable assets.

3. Approve the establishment of subsidiaries, branches, offices, and agencies of the Company, and to subscribe or participate in or contribute to any companies.

4. Approve the Company's business plan, operational plans, and capital budget.

5. In cases determined by the Board, the Board shall have the right to discharge the Company's debtors from their obligations in a manner that serves the Company's interest, provided that the Board minutes and the grounds of its resolution take into account the following conditions:

   a. The discharge shall not take place until at least one (1) full year has elapsed from the date the debt arose.

   b. The discharge shall be limited to a specified amount as a maximum per year for each debtor.

   c. The right of discharge is vested exclusively in the Board and may not be delegated or granted by proxy.

6. Apply for bank loans in the name of the Company; accept their terms, conditions, pricing, and execution; sign related agreements, forms, undertakings, and repayment schedules; receive and utilize the loans; provide guarantees and indemnities; provide suretyship and joint guarantees with others; request exemptions from loans; open and extend credit facilities in the Company's name; apply for and approve all types of banking loans and facilities; create pledges/mortgages in favor of banks, financial institutions, public lending funds, financing entities, and local and international investment companies; issue promissory notes and other financial instruments.

   The Board may also enter into loans, financing arrangements, and financial facilities of any tenor with government financing funds and institutions, including Islamic Murabaha agreements, assignment agreements, and agreements related to treasury products. The Board may further enter into loans with commercial banks and financial institutions whose tenors do not exceed the Company's term, receive and assign such loans, request exemptions therefrom, confirm the absence of any financial obligations, and repay the loans, and it may, within the scope of its granted authorities, delegate or authorize third parties in this regard.

Provided always that the Board shall obtain the approval of the General Assembly prior to disposing of assets whose value exceeds 50% of the total value of the Company's assets, whether in a single transaction or multiple transactions. In such case, the transaction that results in exceeding the 50% threshold shall be the transaction requiring General Assembly approval, and such percentage shall be calculated from the date of the first transaction completed during the preceding twelve (12) months.

5-3-7 Below is a brief summary of the biographies of the Board Members and the Secretary of the Board

Table (16): The Biography of Mr. Abdulrahman Abdullah Abdulaziz Al-Mushekih

Abdulrahman Abdullah Abdulaziz Al-Mushekih	
Nationality	Saudi
Age	82 Years
Position	Chairman
Academic Qualifications	• Holds a Master's degree in Science Teaching Methods from Indiana University, United States of America, 1976G. • Holds a Bachelor's degree in Science from King Saud University, Kingdom of Saudi Arabia, 1971G. • Holds a Bachelor's degree in Education from Kennedy Western University, United States of America, 1989G.
Practical Experience	• Has been serving as Chairman of the Board of Future University Company (operating in the higher education sector) since 2003G until now. • Has been serving as Chairman of the Board of Al-Qassim for Construction Company (operating in real estate development) from 2009G until now. • Has been serving as Chairman of the Board of Saudi Grains Company for Foodstuffs and Feed (operating in the purchase and sale of grains and feed) since 2017G until now.

Source: Alwasail Industrial Company

Table (17): The Biography of Mr. Saleh Abdullah Abdulaziz Al-Mushekih

Saleh Abdullah Abdulaziz Al-Mushekih	
Nationality	Saudi
Age	64 Years
Position	Vice Chairman
Academic Qualifications	Holds a General Secondary School Certificate from Buraidah Secondary School, Kingdom of Saudi Arabia, 1980G.
Practical Experience	• Has been the CEO of Alwasail Industrial Company (operating in the manufacturing industry sector) since 2017G until now. • Served as General Manager at Ladaain Company (a limited liability company operating in the processing and recycling of damaged polyethylene pipes) from 2017G to the present. • Over 35 years of experience in the agriculture and industrial sectors.

Source: Alwasail Industrial Company

Table (18): The Biography of Mr. Abdulqader Abdullah Abdulaziz Al-Mushekih

Abdulqader Abdullah Abdulaziz Al-Mushekih	
Nationality	Saudi
Age	61 Years
Position	Board Member and Chief Executive Officer (CEO).
Academic Qualifications	Holds a Bachelor's degree in Business Administration from Al-Qassim University, Kingdom of Saudi Arabia, 1989G
Practical Experience	• Has been the CEO of Alwasail Industrial Company (operating in the manufacturing industry sector) since 2017G until now. • Served as General Manager at Ladaain Company (a limited liability company operating in the processing and recycling of damaged polyethylene pipes) from 2017G to the present. • Served as a Board Member at Alwasail Industrial Company (operating in the manufacturing industry sector) from 1991G to 2007G. • Over 35 years of experience in the industrial sector as an Executive Manager

Source: Alwasail Industrial Company

Table (19): The Biography of Mr. Nasser Abdullah Abdulaziz Al-Mushekih

Nasser Abdullah Abdulaziz Al-Mushekih	
Nationality	Saudi
Age	73 Years
Position	Board Member
Academic Qualifications	Holds a General Secondary School Certificate from Buraidah Secondary School, Kingdom of Saudi Arabia, 1972G.
Practical Experience	• Served as a member of the Board of Managers of Ladayen Company (a limited liability company operating in processing and recycling waste from damaged polyethylene pipes) from 2017G to 2022G. • Has worked in the fields of industry and investment for more than 30 years.

Source: Alwasail Industrial Company

Table (20): The Biography of Mr. Abdulaziz Abdullah Abdulaziz Al-Mushekih

Abdulaziz Abdullah Abdulaziz Al-Mushekih	
Nationality	Saudi
Age	68 Years
Position	Board Member
Academic Qualifications	Holds a General Secondary School Certificate from Buraidah Secondary School, Kingdom of Saudi Arabia, 1976G.
Practical Experience	• Served as a member of the Board of Managers of Ladayen Company (a limited liability company operating in processing and recycling waste from damaged polyethylene pipes) from 2017G to 2022G. • Has worked in the fields of agriculture and industry for more than 30 years.

Source: Alwasail Industrial Company

Table (21): The Biography of Mr. Khalid Abdulaziz Fahad Al-Shuraidah

Khalid Abdulaziz Fahad Al-Shuraidah	
Nationality	Saudi
Age	59 Years
Position	Board Member and Chairman of the Remuneration and Nomination Committee.
Academic Qualifications	Professor of Sociology from Qassim University, Kingdom of Saudi Arabia, 1438H.
Practical Experience	• Served as Dean of Student Affairs and Chairman of the Community Service Development Committee at Qassim University (a government entity operating in the higher education sector) from 1431H to 1437H. • Served as Dean of the Deanship of Community Service at Qassim University (a government entity operating in the higher education sector) from 1425H to 1431H. • Has been serving as Professor of Sociology at the College of Arabic Language at Qassim University (a government entity operating in the higher education sector) since 1438H.

Source: Alwasail Industrial Company

Table (22): The Biography of Mr. Ibrahim Saeed Mohammed Al-Mubarak

Ibrahim Saeed Mohammed Al-Mubarak	
Nationality	Saudi
Age	37 Years
Position	Board Member and Chairman of the Audit Committee
Academic Qualifications	Holds a Bachelor's degree in Accounting from King Khalid University, Kingdom of Saudi Arabia, 2012G.
Practical Experience	• Has been serving as an Executive Director at Sfai International – Rami Al-Khodr Certified Public Accountants (operating in the accounting sector) since 2017G until now. • Served as Audit Manager at Kreston International – Sindi & Batarji Certified Public Accountants. • Served as Audit Supervisor at PKF Al-Bassam & Co. Certified Public Accountants. • Served as Senior Auditor at Talal Abu-Ghazaleh & Co. • Served as Auditor at Grant Thornton Al-Dar for Auditing Accounts – Rami Al-Khodr Certified Public Accountants.

Source: Alwasail Industrial Company

Table (23): The Biography of Mr. Rakan Mohammed Abdullah Abunayan

Rakan Mohammed Abdullah Abunayan	
Nationality	Saudi
Age	32 Years
Position	Board Member and Chairman of the Investment Committee
Academic Qualifications	Holds a Bachelor's degree in Entrepreneurship from Suffolk University, United States of America, 2016G.
Practical Experience	• Has been serving as General Manager at Mohammed Abunayan Investment Company since 2023G until now. • Has been serving as Chairman of the Board of Afaq Express Company since 2023G until now. • Has been serving as Chairman of the Board of Afaq Food Company for Food Trading since 2021G until now. • Has been serving as a Board Member of Middle East Paper Company since 2022G until now. • Served as Chief Executive Officer of Afaq Express Company from 2021G to 2023G.

Source: Alwasail Industrial Company

Table (24): The Biography of Mr. Musaad Sulaiman Al-Abdullah Al-Ohaili

Musaad Sulaiman Al-Abdullah Al-Ohaili	
Nationality	Saudi
Age	67 Years
Position	Board Member
Academic Qualifications	Holds a Master's degree in Chemical Engineering from King Fahd University of Petroleum and Minerals, Kingdom of Saudi Arabia.
Practical Experience	• Served as Executive Vice President and Chief Financial Officer of SABIC Group, responsible for SABIC's IFRS conversion and restructuring of subsidiaries from 2015G to 2018G. • Served as Senior Executive Advisor to the President and a member of the Executive Committee at SABIC, responsible for major strategic projects from 2018G to 2020G. • Served as Chief Executive Officer of Ma'aden, responsible for performance development and modernization of the company's systems from 2020G to 2021G. • Has served in investment and private business management roles and as a member of several boards of directors and related committees since 2021G until now.

Source: Alwasail Industrial Company

Table (25): The Biography of Mr. Jalal bin Ali bin Mohammed Al-Juraifani

Jalal bin Ali bin Mohammed Al-Juraifani	
Nationality	Saudi
Age	50 Years
Position	Board Secretary
Academic Qualifications	• Bachelor's degree in English Language from King University, Kingdom of Saudi Arabia, 2017. • Diploma in Industrial Electronics and Control from the Technical College, Kingdom of Saudi Arabia, 2011. • Diploma in English Language from St. Thomas University, Minnesota, United States of America, 2007.
Practical Experience	• Director of Governance and Compliance Department, Al-Wasail Industrial Company (a listed joint stock company operating in the manufacturing industry), from 2024 to present. • Investor Relations Officer, Al-Wasail Industrial Company (a listed joint stock company operating in the manufacturing industry), from 2022 to 2024. • Administrative Audit Officer, Al-Wasail Industrial Company (a listed joint stock company operating in the manufacturing industry), from 2019 to 2022. • Director of Small and Medium Enterprises Department, Qassim Chamber of Commerce and Industry (a government entity providing services to the private sector), from 2015 to 2018. • Director of Information Center, Qassim Chamber of Commerce and Industry (a government entity providing services to the private sector), from 2012 to 2015.

Source: Alwasail Industrial Company

5-4 Board Committees

5-4-1 Audit Committee

The Audit Committee was formed of three (3) members from among the non-executive members of the Board of Directors, appointed by the Board of Directors in its meeting held on 21/06/1446H (corresponding to 22/12/2024G), for the term of the Board commencing on 21/06/1446H (corresponding to 22/12/2024G) for a period of three years, and continuing until 23/07/1449H (corresponding to 21/12/2027G).

On 08/03/1447H (corresponding to 31/08/2025G), an amendment to the committee's bylaws was approved pursuant to a resolution of the Extraordinary General Assembly.

Table (26): Members of the Audit Committee

Name	Position	Independence
Ibrahim Saeed Mohammed Al-Mubarak	Committee Chairman	Board Member – Independent
Omar Abdulrahman Al-Mushekih	Committee Member	Member from outside the Board
Sulaiman Saleh Abdulrahman Al-Dukheil	Committee Member	Member from outside the Board

Source: Alwasail Industrial Company

The Committee held five (5) meetings during the fiscal year ended on 31 December 2024G. The Committee also held four (4) meetings in 2025G.

5-4-1-1 Committee Duties, Powers, and Responsibilities

Pursuant to Article (11) of the Audit Committee bylaws of the company, the Audit Committee is responsible for overseeing the company's activities and ensuring the accuracy and integrity of its reports, financial statements, and internal control systems. The Committee's duties shall specifically include the following:

A. Financial Reports:

1. Review the company's preliminary and annual financial statements before presenting them to the Board of Directors, provide an opinion and recommendation regarding their fairness, integrity, and transparency, and submit the recommendation to the Board and the General Assembly.
2. Provide a technical opinion—upon the request of the Board of Directors—on whether the Board's report and the company's financial statements are fair, balanced, understandable, and contain sufficient information to enable shareholders and investors to assess the company's financial position, performance, business model, and strategy.
3. Examine any significant or unusual matters included in the financial reports.
4. Thoroughly investigate any issues raised by the company's CFO, or his substitute, the Compliance Officer, or the Auditor.
5. Verify the accounting estimates in material matters stated in the financial reports, and thoroughly investigate any issues raised by the CFO, his substitute, the Compliance Officer, or the Auditor.
6. Study the accounting policies adopted by the company, and provide an opinion and recommendation to the Board of Directors regarding them.

B. Internal Audit:

1. Review and evaluate the company's internal control, financial control, and risk management systems.
2. Review internal audit reports and monitor the implementation of corrective actions for the observations contained therein.

3. Oversee and supervise the performance and activities of the Internal Auditor and the Internal Audit Department in the company, to ensure the availability of necessary resources and the effectiveness of their performance in carrying out assigned duties and responsibilities.
4. Recommending to the Board of Directors the appointment of the Director of the Internal Audit Unit or Department or the Internal Auditor and proposing his remuneration.

C. Auditor:

1. Recommend to the Board of Directors the nomination, dismissal, determination of fees, and performance evaluation of the auditors, after verifying their independence and reviewing the scope of their work and the terms of their engagement.
2. Verify the independence, objectivity, and fairness of the auditor, as well as the effectiveness of the audit work, taking into consideration the relevant rules and standards.
3. Reviewing the company's auditor's plan and work, ensuring that he does not undertake other or administrative work that may affect the scope of the auditor's work, and expressing its views on it.
4. Discuss the inquiries raised by the company's auditor.
5. Review the reports of the auditor and his observations on the financial statements, and monitor the actions taken in response.

D. Compliance Assurance:

1. Review the results of reports issued by regulatory authorities and verify that the company has taken the necessary corrective actions.
2. Ensure the company's compliance with applicable laws, regulations, policies, and relevant instructions.
3. Review proposed contracts and transactions to be carried out with related parties and provide recommendations on them to the Board of Directors.
4. Report any matters requiring action to the Board of Directors and provide recommendations on the measures to be taken.

5-4-1-2 Powers of the Audit Committee

In order to perform its duties, the Audit Committee shall have the following powers:

1. The right to access the company's records and documents.
2. To request any clarification or statement from the members of the Board of Directors or the executive management.
3. To request the Board of Directors to call for a General Assembly meeting if the Board hinders its work or if the company is exposed to serious damages or losses.

5-4-1-3 Audit Committee Meetings

Pursuant to Article (54) of the Corporate Governance Regulations and Article (8) of the company's Audit Committee Bylaws, the Committee shall meet at least four times during the fiscal year. The meetings shall be held regularly with the company's auditor and internal auditor, and additional meetings may be convened when necessary. Invitations to Committee meetings shall be sent in accordance with the approved procedures, and modern technology may be used to hold meetings remotely. Attendance by members via electronic means shall be considered official and shall enable them to fully exercise their powers.

5-4-2 Nomination and Remuneration Committee

The Nominations and Remuneration Committee consists of (4) members who are not members of the Executive Board of Directors. The members of the Committee were appointed pursuant to the Board of Directors' decision in its meeting held on 21/06/1446H (corresponding to 22/12/2024G).

This is for the Board's term, which begins on 21/06/1446H (corresponding to 22/12/2024G) for a period of three years and continues until 23/07/1449H (corresponding to 21/12/2027G).

Table (27): Members of the Nomination and Remuneration Committee

Name	Position	Independence
Khalid Abdulaziz Fahad Al-Shuraidah(*)	Committee Chairman	Board Member – Independent
Abdulrahman Saleh Al-Suqabi	Committee Member	Member from outside the Board
Jalal Ali Al-Juraifani	Committee Member	Member from outside the Board

Source: Alwasail Industrial Company

* Dr. Khalid Abdulaziz Fahad Al-Shuraidah was appointed pursuant to a resolution of the Board of Directors dated 01/12/1446H (corresponding to 28/05/2025G), replacing Mr. Musaed Sulaiman Al-Ohali.

The Extraordinary General Assembly approved an amendment to the Nomination and Remuneration Committee regulations on 20/12/1446H (corresponding to 16/06/2025G).

The Committee held four (4) meetings during the fiscal year ended 31/12/2024G and two (2) meetings in 2025G.

5-4-2-1 Responsibilities of the Nomination and Remuneration Committee

Pursuant to Article (62) of the Corporate Governance Regulations and Article (2) of the Nomination and Remuneration Committee regulations, the Committee shall have the following responsibilities:

1. Develop a clear policy for the remuneration of Board members, Board committees, and the executive management, and submit it to the Board of Directors for consideration prior to approval by the General Assembly, ensuring that the policy follows performance-related criteria, is disclosed, and its implementation is verified.
2. Clarify the relationship between the granted remunerations and the adopted remuneration policy, and report any material deviations from this policy.
3. Periodically review the remuneration policy and assess its effectiveness in achieving its intended objectives.
4. Recommend to the Board of Directors the remuneration of Board members, Board committees, and senior executives in accordance with the approved policy.
5. Propose clear policies and criteria for membership in the Board of Directors and executive management.
6. Recommend to the Board the nomination and re-nomination of its members in accordance with the approved policies and criteria, ensuring that no person previously convicted of a crime involving dishonesty is nominated.
7. Prepare a description of the required skills and qualifications for Board membership and executive management positions.
8. Specify the time commitment expected from each member for Board activities.
9. Annually review the required skills and experience needed for Board membership and executive management positions.
10. Review the structure of the Board of Directors and executive management and provide recommendations regarding any changes that could be implemented.
11. Annually verify the independence of independent members and ensure that no conflict of interest exists if a member serves on the Board of another company.
12. Develop job descriptions for executive members, non-executive members, independent members, and senior executives.
13. Establish procedures in the event of the departure of any Board member or senior executive.
14. Identify the strengths and weaknesses of the Board of Directors and propose solutions to address them in the best interest of the company.

5-4-2-2 Committee Meetings

Pursuant to Clause (1.7) of the Nomination and Remuneration Committee Bylaws, the Committee holds four (4) regular meetings annually. Additional meetings may be convened as needed. Invitations, agendas, and supporting documents shall be sent at least one week prior to the meeting. Modern technology may be used to hold meetings remotely, ensuring that attendance is properly recorded. All meetings are documented in written minutes signed by the Committee Chairman and its members, and reports are submitted to the Board of Directors.

5-4-3 Investment Committee

The Investment Committee consists of four (4) members from among the non-executive members of the Board of Directors. The Committee members were appointed pursuant to a resolution of the Board of Directors in its meeting held on 21/06/1446H (corresponding to 22/12/2024G).

This is for the Board's term, commencing on 21/06/1446H (corresponding to 22/12/2024G) for a period of three years, continuing until 23/07/1449H (corresponding to 21/12/2027G).

Table (28): Members of the Investment Committee

Name	Position	Independence
Rakan Mohammed Abdullah Abunayan	Committee Chairman	Board Member – Independent
Hisham Abdulkarim Al-Mushekih	Committee Member	Member from outside the Board
Firas Samir Al-Bayat	Committee Member	Member from outside the Board

Source: Alwasail Industrial Company

The Board of Directors approved the investment committee Bylaws on 01/12/1446H (corresponding to 28/05/2025G).

The Committee held four (4) meetings during the fiscal year ended 31/12/2024G, and one (1) meeting in 2025G.

5-4-3-1 Committee Formation

Pursuant to Article (3-1) of the Committee Bylaws, the Committee members shall be formed as follows:

1. The number of Committee members shall not be less than three and not more than five.
2. The Board of Directors shall appoint the Committee members and its Chairman, and may terminate their membership.
3. Only Committee members have the right to attend their meetings; other persons may be invited to attend all or part of a meeting as needed, provided they do not have the right to vote on any decision made by the Committee.

5-4-3-2 Committee Chairman

Pursuant to Article (3-2) of the Committee Bylaws:

1. The Board of Directors shall appoint the Committee Chairman.
2. The Chairman of the Investment Committee shall organize the Committee's meetings, set their agendas, and review all information and documents necessary to fulfill its responsibilities.
3. The Committee Chairman shall have the right to establish additional procedures from time to time as deemed appropriate and necessary to facilitate the Committee's work.

5-4-3-3 Duties and Responsibilities of the Investment Committee

1. Work with the executive management to develop the company's investment strategy and policy, in line with the nature of its business, activities, and risks, and provide recommendations thereon.
2. Periodically review the investment strategy and policy to ensure its suitability in light of changes in the external environment, applicable regulations, or the company's strategic objectives, and provide recommendations to the Board of Directors.
3. Oversee the company's investment activities and establish appropriate procedures to measure and evaluate investment performance.
4. Study and evaluate proposed investment opportunities submitted by the company's management and provide recommendations thereon.
5. Ensure that the proposed investment opportunities comply with applicable laws, regulations, and relevant guidelines.
6. Identify and prioritize the proposed investment opportunities.
7. Review periodic reports from the executive management regarding the progress of approved investment opportunities.

5-5 Executive Management

The executive management team comprises qualified and experienced members with the knowledge and expertise necessary to manage the Company's business in line with the objectives and directives of the Board of Directors and the shareholders, Mr. Abdulqader Abdullah Abdulaziz Al-Mushekih currently holds the position of Chief Executive Officer (CEO), effective from 21/06/1446H (corresponding to 22/12/2024G), As of the date of this document, the Company's executive management team consists of twelve (12) members., The following table sets out the details of the company's executive management:

Table (29): Executive Management Details

Name	Position	Nationality	Age	Date of Appointment	Owned Shares			
					Direct		Indirect	
					Amount	Percentage	Amount	Percentage
Abdulqader Abdullah Abdulaziz Al-Mushekih	Chief Executive Officer (CEO)	Saudi	61	21/06/1446H (corresponding to 22/12/2024G)	17,950,000	7.18%	261,601	0.10%
Al-Bukhari Abu Bakr Muhammad Abu Bakr	Chief Financial Officer (CFO)	Sudanese	60	10/02/1442H (corresponding to 27/09/2020G)	None	None	None	None
Muhammad Yousuf Al-Saeed Ahmed	Director of Internal Audit Department	Egyptian	47	18/10/1444H (corresponding to 08/05/2023G)	None	None	None	None
Jalal Ali Mohammed Al-Juraifani	Director of Governance and Compliance Department	Saudi	50	25/08/1440H (corresponding to 30/04/2019G)	2,500	0.001%	None	None
Vacant	Director of Human Resources and Legal Management	-	-	-	None	None	None	None

Name	Position	Nationality	Age	Date of Appointment	Owned Shares			
					Direct		Indirect	
					Amount	Percentage	Amount	Percentage
Khalid Abdullah Abdulrahman Al-Rumaihi	Director of Sales Management	Saudi	52	17/05/1445H (corresponding to 01/02/2023G)	None	None	None	None
Tahseen Yaseen Maghal	Director of Information Technology Management	Pakistani	46	25/01/1445H (corresponding to 12/08/2023G)	10,000	0.004%	None	None
Mohammed Abdullah Al-Humaidi Al-Mutairi	Director of Quality Management	Saudi	44	22/11/1444H (corresponding to 11/06/2023G)	None	None	None	None
Ahmed Sobhi Mohammed Faraj	Director of Production Management	Egyptian	51	24/10/1440H (corresponding to 27/06/2019G)	1,000	0.0004%	None	None
Khalid Rasheed Hamad Al-Shadoukhi	Director of Administrative Affairs Management	Saudi	53	11/07/1440H (corresponding to 18/03/2019G)	1,000	0.0004%	None	None
Faisal Ahmed Hamoud Al-Mushekih	Director of Procurement Management	Saudi	31	09/02/1444H (corresponding to 05/09/2022G)	1,000	0.0004%	None	None
Saleh bin Fahd Ali Al-Mushekih	Director of Factory Management	Saudi	68	30/09/1415H (corresponding to 01/03/1995G)	10,000	0.004%	None	None
Hussam Abdulrahman Ibrahim Al-Amri	Director of Supply and Warehousing Management	Saudi	35	03/04/1441H (corresponding to 30/11/2019G)	1	0.0000004%	None	None

Source: Alwasail Industrial Company

The following is a brief summary of the executive management members' Biographies:

Table (30): The Biography of Mr. Abdulqader Abdullah Abdulaziz Al-Mushekih

Abdulqader Abdullah Abdulaziz Al-Mushekih	
Nationality	Saudi
Age	61 Years
Position	Chief Executive Officer (CEO).
Academic Qualifications	Holds a Bachelor's degree in Business Administration from Al-Qassim University, Kingdom of Saudi Arabia, 1989G
Practical Experience	• Has been the CEO of Alwasail Industrial Company (operating in the manufacturing industry sector) since 2017G until now. • Served as General Manager at Ladaain Company (a limited liability company operating in the processing and recycling of damaged polyethylene pipes) from 2017G to the present. • Served as a Board Member at Alwasail Industrial Company (operating in the manufacturing industry sector) from 1991G to 2007G. • Over 35 years of experience in the industrial sector as an Executive Manager

Source: Alwasail Industrial Company

Table (31): The Biography of Mr. Al-Bukhari Abu Bakr Muhammad Abu Bakr

Al-Bukhari Abu Bakr Muhammad Abu Bakr	
Nationality	Sudanese
Age	60 Years
Position	Chief Financial Officer (CFO)
Academic Qualifications	Holds a Bachelor's degree in Accounting from Sudan University of Science and Technology, Republic of Sudan, in 1990G.
Practical Experience	• Has been the Chief Financial Officer at Alwasail Industrial Company (a listed joint stock company operating in the manufacturing industry sector) from 2020G until now. • Served as Chief Financial Officer at Knowledge Economic City Company (a public joint stock company operating in real estate development and smart cities) from 2018G to 2019G. • Served as Chief Financial Officer at Knowledge Economic City Company (a public joint stock company operating in real estate development and smart cities) from 2013G to 2015G. • Served as Chief Financial Officer at Taiba Investment Company (a public joint stock company operating in real estate development, industry, tourism, and agriculture) from 2000G to 2013G. • Served as Budget and Planning Officer at the Local Banking Department, Riyad Bank (a public joint stock company operating in financial services) from 1996G to 1999G.

Source: Alwasail Industrial Company

Table (32): The Biography of Mr. Jalal Ali Mohammed Al-Juraifani

Jalal Ali Mohammed Al-Juraifani	
Nationality	Saudi
Age	50 Years
Position	Director of Governance and Compliance Department
Academic Qualifications	• Holds a Bachelor's degree in English Language from King University, Kingdom of Saudi Arabia, in 2017G. • Holds a Diploma in Industrial Electronics and Control from the Technical College, Kingdom of Saudi Arabia, in 2011G. • Holds a Diploma in English Language from the University of St. Thomas, Minnesota, United States of America, in 2007G.
Practical Experience	• Has been the Governance and Compliance Department Director at Alwasail Industrial Company (a listed joint stock company operating in the manufacturing industry sector) from 2024G until now. • Served as Investor Relations Officer at Alwasail Industrial Company (a listed joint stock company operating in the manufacturing industry sector) from 2022G to 2024G. • Served as Administrative Audit Officer at Alwasail Industrial Company (a listed joint stock company operating in the manufacturing industry sector) from 2019G to 2022G. • Served as Director of the Small and Medium Enterprises (SMEs) Department at Qassim Chamber of Commerce and Industry (a governmental entity providing services to the private sector) from 2015G to 2018G. • Served as Director of the Information Center at Qassim Chamber of Commerce and Industry (a governmental entity providing services to the private sector) from 2012G to 2015G.

Source: Alwasail Industrial Company

Table (33): The Biography of Mr. Muhammad Yousuf Al-Saeed Ahmed

Muhammad Yousuf Al-Saeed Ahmed	
Nationality	Egyptian
Age	47 Years
Position	Director of Internal Audit Department
Academic Qualifications	Holds a Bachelor's degree in Accounting and Auditing from Ain Shams University in 1999G.
Practical Experience	• Has been the Internal Audit Department Director at Alwasail Industrial Company (a listed joint stock company operating in the manufacturing industry sector) from 2022G until now. • Served as Internal Audit Officer at Nile University, Arab Republic of Egypt, from 2021G to 2022G. • Served as Internal Audit Manager for the Contracting Sector at Al-Kifah Group, Kingdom of Saudi Arabia, from 2016G to 2021G. • Served as Internal Audit Supervisor at Travco Group for Tourism from 2008G to 2016G. • Served as External Auditor at KPMG – Hazem Hassan from 2004G to 2007G. • Served as External Auditor at Mazars – Mostafa Shouki from 2001G to 2004G.

Source: Alwasail Industrial Company

Table (34): The Biography of Mr. Khalid Abdullah Abdulrahman Al-Rumaihi

Khalid Abdullah Abdulrahman Al-Rumaihi	
Nationality	Saudi
Age	52 Years
Position	Director of Sales Management
Academic Qualifications	• Holds a Master's degree in Chemical Engineering from King Saud University in 2008G. • Holds a Bachelor's degree (Diploma) in Chemical Engineering from King Saud University in 1998G.
Practical Experience	• Has been the General Manager of Sales at Alwasail Industrial Company (a listed joint stock company operating in the manufacturing industry sector) from 2023G until now. • Served as Director of Local Content Development and Investment at SABIC from 2020G to 2023G. • Served as Supply Chain Leader, SABIC America, from 2018G to 2020G. • Served as General Manager of SABIC Kenya from 2016G to 2018G. • Served as General Manager of Petrochemicals, South Africa, from 2014G to 2016G. • Served as Key Accounts Sales Manager at SABIC from 2012G to 2014G. • Served as Technology Department Manager at SABIC from 2010G to 2012G.

Source: Alwasail Industrial Company

Table (35): The Biography of Mr. Tahseen Yaseen Maghal

Tahseen Yaseen Maghal	
Nationality	Pakistani
Age	46 Years
Position	Director of Information Technology Management
Academic Qualifications	Holds a Bachelor's degree in Computer Science from the University of Lahore, Pakistan (2001).
Practical Experience	• Has served as the Director of the Information Technology Department at Al-Wasail Industrial Company (a listed joint stock company operating in the manufacturing industries sector) since 2010 to date. • Served as a Network Engineer and System Administrator at Al-Wasail Industrial Company (a listed joint stock company operating in the manufacturing industries sector) from 2003 to 2010. • Served as a Network Officer at Fact Soft (a limited liability company operating in the modern technology sector) in Pakistan from 2002 to 2011.

Source: Alwasail Industrial Company

Table (36): The Biography of Mr. Mohammed Abdullah Al-Humaidi Al-Mutairi

Mohammed Abdullah Al-Humaidi Al-Mutairi	
Nationality	Saudi
Age	44 Years
Position	Director of Quality Management
Academic Qualifications	• Holds a Bachelor's degree in Business Administration from King Faisal University (2017). • Holds a Diploma in Mechanical Technology from the Technical College (2006).
Practical Experience	• Has served as the Quality Management Director at Al-Wasail Industrial Company (a listed joint stock company operating in the manufacturing industries sector) since 2015 to date. • Served as a Quality Supervisor at Huna Food Industries Company (a closed joint stock company operating in the food industries sector) from 2011 to 2014. • Served as a Production Supervisor at Hayat Al-Fayhaa Water Company (a limited liability company operating in the bottled drinking water industry) from 2006 to 2011.

Source: Alwasail Industrial Company

Table (37): The Biography of Mr. Ahmed Sobhi Mohammed Faraj

Ahmed Sobhi Mohammed Faraj	
Nationality	Egyptian
Age	51 Years
Position	Director of Production Management
Academic Qualifications	Holds a Bachelor's degree in Mechanical Power Engineering from Helwan University, Arab Republic of Egypt (1999).
Practical Experience	• Has served as the Production Department Director at Al-Wasail Industrial Company (a listed joint stock company operating in the manufacturing industries sector) since 2019 to date. • Served as Production Manager at Jusoor Al-Binaa Factory from 2010 to 2019. • Served as Head of the Research and Development Department at Billa Pak Factory from 2008 to 2010. • Served as Production Manager at Khabeer Factory (Al-Wasail Group) from 2003 to 2008. • Served as a Design and Manufacturing Engineer at the International Electronics Company Factory (Bahhat Group) from 2001 to 2003.

Source: Alwasail Industrial Company

Table (38): The Biography of Mr. Khalid Rasheed Hamad Al-Shadoukhi

Khalid Rasheed Hamad Al-Shadoukhi	
Nationality	Saudi
Age	53 Years
Position	Director of Administrative Affairs Management
Academic Qualifications	Holds a Bachelor's degree in Psychology from Imam Muhammad ibn Saud Islamic University, Kingdom of Saudi Arabia (1420H).
Practical Experience	• Has served as the Director of the Administrative Affairs Department at Al-Wasail Industrial Company (a listed joint stock company operating in the manufacturing industries sector) since 2023 to date. • Served as Branch Manager of Al-Drees Petroleum Services Company in Al-Qassim from 2017 to 2018.

Source: Alwasail Industrial Company

Table (39): The Biography of Mr. Faisal Ahmed Hamoud Al-Mushekih

Faisal Ahmed Hamoud Al-Mushaiqeh	
Nationality	Saudi
Age	31 Years
Position	Director of Procurement Management
Academic Qualifications	Holds a General Secondary School Certificate from Gulf Complex Secondary School (2012).
Practical Experience	• Has served as Director of the Procurement Department at Al-Wasail Industrial Company (a listed joint stock company operating in the manufacturing industries sector) since 2022 to date. • Served as Production Planning and Order Officer at Al-Wasail Industrial Company (a listed joint stock company operating in the manufacturing industries sector) from 2022 to 2024. • Served as Warehouse Manager at Al-Wasail Industrial Company (a listed joint stock company operating in the manufacturing industries sector) from 2020 to 2022. • Served as Assistant Warehouse Manager at Al-Wasail Industrial Company (a listed joint stock company operating in the manufacturing industries sector) from 2019 to 2020. • Served in an Administrative role at Al-Wasail Industrial Company (a listed joint stock company operating in the manufacturing industries sector) from 2018 to 2019.

Source: Alwasail Industrial Company

Table (40): The Biography of Mr. Saleh bin Fahd Ali Al-Mushekih

Saleh bin Fahd Ali Al-Mushaiqeh	
Nationality	Saudi
Age	68 Years
Position	Director of Factory Management
Academic Qualifications	Holds a Diploma in Commerce from Ain Shams University, Cairo (1984).
Practical Experience	• Has served as the Director of the Factories Department at Al-Wasail Industrial Company (a listed joint stock company operating in the manufacturing industries sector) since 1995 to date. • Served as an Accountant at the Ministry of Environment, Water and Agriculture (a government entity responsible for overseeing environmental, water, and agricultural affairs) from 1993 to 1995. • Served as a Branch Supervisor at Riyad Bank (a public joint stock company operating in the banking services sector) from 1987 to 1993.

Source: Alwasail Industrial Company

Table (41): The Biography of Mr. Hussam Abdulrahman Ibrahim Al-Amri

Hussam Abdulrahman Ibrahim Al-Amri	
Nationality	Saudi
Age	35 Years
Position	Director of Supply and Warehousing Management
Academic Qualifications	Holds a Bachelor's degree in Applied Linguistics (English Language) from Future University (2016).
Practical Experience	• Has served as Director of the Supply and Warehouses Department at Al-Wasail Industrial Company (a listed joint stock company operating in the manufacturing industries sector) since 2019 to date. • Served as a Real Estate Marketer at Dar Osoul Al-Aqar from 2012 to 2016. • Served as a Project Coordinator at Qasr Al-Riyada for International Conferences and Exhibitions from 2017 to 2018. • Served as a Home Appliances Salesperson at Al-Shita'a wa Al-Sayf (Winter & Summer) from 2018 to 2019.

Source: Alwasail Industrial Company

5-6 Corporate Governance

The Company has issued its Corporate Governance Regulations. Below is a summary of all internal governance regulations as of the date of this document:

a. **Corporate Governance Regulations:** approved by the General Assembly on 20/12/1446H (corresponding to 16/06/2025G).

b. **Policies, Standards, and Procedures for Board Membership:** approved by the Extraordinary General Assembly on 30/10/1446H (corresponding to 28/04/2025G).

c. **Risk Management Policy:** approved by the Board of Directors on 16/09/1446H (corresponding to 16/03/2025G).

d. **Stakeholder Relations Policy:** approved by the Extraordinary General Assembly on 08/03/1447H (corresponding to 31/08/2025G).

e. **Whistleblowing and Whistleblower Protection Policy:** approved by the Board of Directors on 12/02/1447H (corresponding to 06/08/2025G).

f. **Disclosure and Transparency Policy:** approved by the Board of Directors on 16/09/1446H (corresponding to 16/03/2025G).

g. **Remuneration Policy for the Board, its Committees, and Executive Management:** approved by the Extraordinary General Assembly on 20/12/1446H(correspondingto16/06/2025G).

h. **Conflict of Interest Management and Competition Standards Policy:** approved by the Extraordinary General Assembly on 08/03/1447 (corresponding to 31/08/2025G).

i. **Dividend Policy:** approved by the Board of Directors on 12/02/1447H (corresponding to 06/08/2025G).

j. **Professional Conduct and Business Ethics Policy:** approved by the Board of Directors on 12/02/1447H (corresponding to 06/08/2025G).

k. **Board of Directors' Work Regulations:** approved by the Extraordinary General Assembly on 08/03/1447H (corresponding to 31/08/2025G).

l. **Nomination and Remuneration Committee Charter:** approved by the Extraordinary General Assembly on 20/12/1446H (corresponding to 16/06/2025 G).

m. **Audit Committee Charter:** approved by the Extraordinary General Assembly on 08/03/1447 AH (corresponding to 31/08/2025G).

n. **Delegation of Authority Matrix:** approved by the Board of Directors on 15/01/1443 AH (corresponding to 23/08/2021G).

o. **Internal Control System:** approved by the Board of Directors on 12/02/1447 AH (corresponding to 06/08/2025G).

p. **Incentives and Rewards Policy:** approved by the Board of Directors on 23/04/1446 AH (corresponding to 26/10/2024G).

q. **Shareholders' Rights Policy:** approved by the Board of Directors on 16/09/1446H (corresponding to 16/03/2025G).

r. **Policy and Mechanisms for Evaluating Board Members and its Committees:** approved by the Board of Directors on 16/09/1446 AH (corresponding to 16/03/2025G).

s. **Information Confidentiality and Protection Policy:** approved by the Board of Directors on 16/09/1446H (corresponding to 16/03/2025G).

t. **Policy for Defining the Tasks and Responsibilities Assigned to Administrative Levels:** approved by the Board of Directors on 21/12/1445H (correspondingto27/06/2024G).

u. **Investment Committee Charter:** approved by the Board of Directors on 01/12/1446H (corresponding to 28/05/2025G).

v. **Employee Share Program Regulations:** approved by the General Assembly on 17/07/1445H (corresponding to 29/01/2024G).

w. **Policy on Authorities Delegated to Executive Management:** approved by the Board of Directors on 26/05/1447H (corresponding to 17/11/2025G).

6

Legal Information and Board of Directors Declarations

6- Legal Information and Board of Directors Declarations

6-1 Legal Information

6-1-1 Company's Name

The company is registered in the Commercial Register under the trade name Alwasail Industrial Company (listed joint stock company).

6-1-2 History and Establishment

- Alwasail Industrial Company was established in accordance with the laws of the Kingdom of Saudi Arabia as a sole proprietorship owned by Saleh Abdullah Abdulaziz Al-Mushekih under the name Alwasail Agricultural Establishment, pursuant to Commercial Register No. (1131002483) issued in the city of Buraidah on 29/03/1400H (corresponding to 16/02/1980G), with a capital of fifty thousand (50,000) Saudi Riyals.
- On 03/12/1411H (corresponding to 16/06/1991G), the owner decided to convert Alwasail Agricultural Establishment into a general partnership under the name Alwasail Agricultural Company, owned by Abdulrahman Abdullah Al-Mushekih and his brothers. The Capital was increased to two hundred thousand (200,000) Saudi Riyals, divided into five (5) in-kind shares of equal value, resulting from the valuation of the net assets of the Establishment at a value agreed upon by the partners. Each share was valued at forty thousand (40,000) Saudi Riyals. The Company was registered in the Commercial Register in the city of Buraidah under number (1131002483), and its Articles of Association were notarized under number (664) dated 03/12/1411H (corresponding to 16/06/1991G).
- On 13/10/1427H (corresponding to 04/11/2006G), the partners unanimously approved the conversion of the Company from a general partnership into a closed joint stock company with a Capital of one hundred million (100,000,000) Saudi Riyals, divided into ten million (10,000,000) ordinary shares, each with a nominal value of ten (10) Saudi Riyals, all of which are ordinary shares. The increase amounting to ninety-nine million eight hundred thousand (99,800,000) Saudi Riyals was fully paid in cash by the shareholders. The Company's name was also amended to Alwasail Industrial Company, and the Company was registered in the Register of Joint Stock Companies pursuant to Ministerial Resolution No. (216/Q) dated 20/08/1428H (corresponding to 02/09/2007G) and Ministerial Resolution No. (269/Q) dated 29/10/1428H (corresponding to 10/11/2007G), and recorded in the Commercial Register under number (1131002483) dated 29/03/1400H (corresponding to 16/02/1980G) issued in the city of Buraidah.
- On 25/07/1434H (corresponding to 04/06/2013G), the Extraordinary General Assembly approved increasing the Company's Capital from one hundred million (100,000,000) Saudi Riyals to two hundred fifty million (250,000,000) Saudi Riyals, divided into twenty-five million (25,000,000) fully paid ordinary shares, by granting one and a half (1.5) bonus shares for each one (1) share held by the Registered Shareholders as of 25/07/1434H (corresponding to 04/06/2013G), being the date of the Extraordinary General Assembly meeting, through the issuance of fifteen million (15,000,000) ordinary shares, each with a nominal value of ten (10) Saudi Riyals. The increase of one hundred fifty million (150,000,000) Saudi Riyals was covered by transferring one hundred forty million (140,000,000) Saudi Riyals from retained earnings and transferring an amount of ten million (10,000,000) Saudi Riyals from the statutory reserve.
- On 01/05/1445H (corresponding to 15/11/2023G), the Extraordinary General Assembly approved the share split of the Company's nominal value per share so that the nominal value of each share becomes one (1) Saudi Riyal, and the total number of shares becomes two hundred fifty million (250,000,000) shares.
- On 09/02/1443H (corresponding to 16/09/2021G), the Extraordinary General Assembly approved the registration and listing of the Company's shares on the Parallel Market.

- On 18/03/1443H (corresponding to 24/10/2021G), the Saudi Tadawul Group approved the Company's application to list its shares on the Parallel Market.
- On 29/03/1443H (corresponding to 04/11/2021G), the Capital Market Authority's Board approved the Company's application to register and offer its shares on the Parallel Market.
- On 15/06/1443H (corresponding to 18/01/2022G), the Company's shares were listed and traded on the Parallel Market under Tadawul symbol (9525).
- On 13/06/1445H (corresponding to 26/12/2023G), the Company's Board of Directors resolved to approve the transfer of the Company from the Parallel Market to the Main Market and to appoint a Financial Advisor for the purpose of the transfer, in accordance with the requirements of the Listing Rules.
- On 29/05/1446H (corresponding to 01/12/2024G), the Company's Board of Directors issued a resolution to revoke its previous recommendation to present the matter to the Extraordinary General Assembly, and to suffice with the Board's resolution approving the transfer of the Company's shares to the Main Market.

Table (42): Current Ownership Structure of the Company

#	Shareholder Name	Number of Shares	Total Value of Shares	Direct Ownership Percent-age	Indirect Ownership Percentage
1	Saleh Abdullah Abdulaziz Al-Mushiqeh[*]	39.058.532	39.058.532	15.62%	1.394%
2	Abdulaziz Abdullah Abdulaziz Al-Mushiqeh	29.306.128	29.306.128	11.72%	0.04%
3	Abdulrahman Abdullah Abdulaziz Al-Mushiqeh	24.447.611	24.447.611	9.78%	None
4	Nasser Abdullah Abdulaziz Al-Mushiqeh	17.747.426	17.747.426	7.10%	0.20%
5	Abdulqader Abdullah Abdulaziz Al-Mushiqeh	17.950.000	17.950.000	7.18%	0.10%
6	Abdulaziz Saleh bin Suleiman Al-Omari	17.141.124	17.141.124	6.86%	Not Applicable
7	Khalid Abdulaziz Fahad Al-Shuraidah	440.023	440.023	0.18%	None
8	Tahseen Yaseen Muqbil Mohammed	10.000	10.000	0.004%	Not Applicable
9	Saleh Fahad Ali Al-Mushiqeh	10.000	10.000	0.004%	Not Applicable
10	Jalal Ali Mohammed Al-Juraifani	2.500	2.500	0.010%	Not Applicable
11	Hussam Abdulrahman bin Ibrahim Al-Omari	1	1	0.000%	Not Applicable
12	Lulwah Abdullah Ali Al-Muzaini	30.640	30.640	0.01%	Not Applicable
13	Ahmed Faraj	1.000	1.000	0.004%	Not Applicable
14	Faisal Ahmed Hamoud Al-Mushiqeh	1.000	1.000	0.004%	Not Applicable
15	Khalid Rashid Hamad Al-Shadoukhi	1.000	1.000	0.004%	Not Applicable
16	Al-Muhaydib Holding Company	11.000.000	11.000.000	4.40%	Not Applicable
17	Abdulqader Al-Muhaydib & Sons Company (Closed Joint Stock Company) [*]	6.292.631	6.292.631	2.52%	Not Applicable

#	Shareholder Name	Number of Shares	Total Value of Shares	Direct Ownership Percent-age	Indirect Ownership Percentage
18	Ziad Fouad Fahad Al-Saleh(*)	2.100.000	2.100.000	0.84%	Not Applicable
19	Issam Majed Abdul Latif Al-Muhaydib(*)	1.000	1.000	0.0004%	Not Applicable
20	Asmaa bint Ali bin Abdulrahman Al-Dakhil(*)	2.000	2.000	0.01%	Not Applicable
21	Bayan Abdulqader Abdullah Al-Mushiqeh(*)	28.550	28.550	0.01%	Not Applicable
22	Abdulrahman Saleh Fahad Al-Suqaibi(*)	1.170.220	1.170.220	0.47%	Not Applicable
23	Mohammed Saleh bin Abdullah Al-Mushiqeh	1.158.562	1.158.562	0.46%	Not Applicable
24	Abdullah Saleh Abdullah Al-Mushiqeh	783.971	783.971	0.31%	Not Applicable
25	Omniah Saleh bin Abdullah Al-Mushiqeh	520.000	520.000	0.21%	Not Applicable
26	Noura Saleh bin Abdullah Al-Mushiqeh	520.000	520.000	0.21%	Not Applicable
27	Thaqibah Saleh bin Abdullah Al-Mushiqeh	500.000	500.000	0.20%	Not Applicable
28	Abdullah Abdulqader Abdullah Al-Mushiqeh	261.601	261.601	0.10%	Not Applicable
29	Rehab Nasser Abdullah Al-Mushiqeh	160.110	160.110	0.06%	Not Applicable
30	Malik Nasser Abdullah Al-Mushiqeh	108.745	108.745	0.04%	Not Applicable
31	Faris Abdulaziz Abdullah Al-Mushiqeh	90.000	90.000	0.04%	Not Applicable
32	Abdullah Nasser bin Abdullah Al-Mushiqeh	88.474	88.474	0.03%	Not Applicable
33	Ruba Nasser Abdullah Al-Mushiqeh	60.0500	60.0500	0.02%	Not Applicable
34	Nouf Nasser Abdullah Al-Mushiqeh	56.338	56.338	0.02%	Not Applicable
35	Omar Abdulrahman Abdullah Al-Mushiqeh	83.717	83.717	0.03%	Not Applicable
36	Hisham Abdulkarim Abdullah Al-Mushiqeh	3.000	3.000	0.001%	Not Applicable
37	Public shareholders not meeting the additional eligibility criteria due to Employee Share Program (treasury) shares (148 shareholders).	329,832	329,832	0.13%	Not Applicable
38	Public shareholders (holding 1,000 shares or more): 629 shareholders	78.518.246	78.518.246	31.41%	Not Applicable
39	Public shareholders holding fewer than 1,000 shares (not classified as "public" under the third additional criterion for transition).	19,518	19,518	0.01%	Not Applicable
	Total	**250,000,000**	**250.000.000**	**100%**	**Not Applicable**

Source: Shareholders' Register issued on 23/06/1447H (corresponding to 14/12/2025G)

Note: The percentages in the above table are rounded.

- The persons marked with an asterisk (×) next to their names have been classified as acting in concert as follows:
  1. Al-Muhaydib Holding Company is acting in concert with Abdulqader Al-Muhaydib & Sons Company (Closed Joint Stock Company), Mr. Ziad Fouad Fahad Al-Saleh, and Mr. Issam Majed Abdul Latif Al-Muhaydib, as their aggregate shareholding exceeds 5%.
  2. Mr. Saleh Abdullah Abdulaziz Al-Mushiqeh is acting in concert with Ms. Asmaa bint Ali bin Abdulrahman Al-Dakhil, in her capacity as the spouse of Mr. Saleh Abdullah Abdulaziz Al-Mushiqeh.
  3. Mr. Nasser Abdullah Abdulaziz Al-Mushiqeh is acting in agreement with his wife, who is a shareholder in the company.
  4. Mr. Abdulrahman Saleh Fahad Al-Suqaibi, in his capacity as a member of the Nomination and Remuneration Committee, is acting in concert with Ms. Bayan Abdulqader Abdullah Al-Mushiqeh, in her capacity as the spouse of Mr. Abdulrahman Saleh Fahad Al-Suqaibi.
  5. Transfers and reverse transfers have occurred between fathers and sons for each of Mr. Saleh Abdullah Abdulaziz Al-Mushiqeh, Mr. Nasser Abdullah Abdulaziz Al-Mushiqeh, and Mr. Abdulaziz Abdullah Abdulaziz Al-Mushiqeh.

6-1-3 Major Changes in Capital

- Alwasail Industrial Company was established in accordance with the laws of the Kingdom of Saudi Arabia as a sole proprietorship owned by Saleh Abdullah Abdulaziz Al-Mushekih under the name "Alwasail Agricultural Establishment," pursuant to Commercial Register No. (1131002483) issued in Buraidah on 29/03/1400H (corresponding to 16/02/1980G), with a capital of fifty thousand (50,000) Saudi Riyals.
- On 03/12/1411H (corresponding to 16/06/1991G), the owner resolved to convert Alwasail Agricultural Establishment into a General Partnership under the name "Alwasail Agricultural Company," owned by Abdulrahman Abdullah Al-Mushekih and his brothers. The capital was increased to two hundred thousand (200,000) Saudi Riyals, divided into five (5) in-kind shares of equal value, resulting from the valuation of the Establishment's net assets at a value agreed upon among the partners. The value of each share was forty thousand (40,000) Saudi Riyals. The Company was registered in the Commercial Register in Buraidah under number (1131002483), and its Articles of Association were notarized under number (664) on 03/12/1411H (corresponding to 16/06/1991G).
- On 13/10/1427H (corresponding to 04/11/2006G), the partners unanimously approved the conversion of the Company from a General Partnership into a Closed Joint Stock Company with a share capital of one hundred million (100,000,000) Saudi Riyals, divided into ten million (10,000,000) ordinary shares, each with a nominal value of ten (10) Saudi Riyals, all of which are ordinary shares. The increase amounting to ninety-nine million eight hundred thousand (99,800,000) Saudi Riyals was fully paid in cash by the shareholders. The Company's name was also amended to become Alwasail Industrial Company. The Company was registered in the Register of Joint Stock Companies pursuant to Ministerial Resolution No. (216/Q) dated 20/08/1428H (corresponding to 02/09/2007G) and Ministerial Resolution No. (269/Q) dated 29/10/1428H (corresponding to 10/11/2007G), and recorded in the Commercial Register under No. (1131002483) dated 29/03/1400H (corresponding to 16/02/1980G) issued in Buraidah.
- On 25/07/1434H (corresponding to 04/06/2013G), the Extraordinary General Assembly approved the increase of the Company's share capital from one hundred million (100,000,000) Saudi Riyals to two hundred fifty million (250,000,000) Saudi Riyals, divided into twenty-five million (25,000,000) fully paid ordinary shares, by granting one and a half (1.5) bonus shares for every one (1) share held by the registered shareholders as of 25/07/1434H (corresponding to 04/06/2013G), which represents the date of the Extraordinary General Assembly meeting, through the issuance of fifteen million (15,000,000) ordinary shares, each with a nominal value of ten (10) Saudi Riyals. The increase of one hundred fifty million (150,000,000) Saudi Riyals was funded through one hundred forty million (140,000,000) Saudi Riyals from retained earnings and the transfer of ten million (10,000,000) Saudi Riyals from the statutory reserve.
- On 01/05/1445H (corresponding to 15/11/2023G), the Extraordinary General Assembly approved the split of the nominal value of the Company's shares so that the nominal value per share becomes one (1) Saudi Riyal, and the total number of shares becomes two hundred fifty million (250,000,000) shares.

6-1-4 Objectives of the Company

Pursuant to Article (4) of the Articles of Association, the company may engage in the following activities:

- Manufacture of plastics and synthetic rubber in primary forms
- Manufacture of synthetic fibers
- Manufacture of plastic products
- Manufacture of basic iron and steel
- Manufacture of other electrical and electronic wires and cables
- Manufacture of agricultural and forestry machinery
- Wholesale of agricultural machinery, equipment and supplies
- Wholesale of waste, scrap and other products not elsewhere classified
- Land transport of goods.

The company shall pursue its objectives after obtaining the necessary approvals from the competent authority.

6-2 Approvals, Licenses, and Governmental Certificates

The company has obtained several statutory and operational licenses and certificates from the competent authorities, which are renewed periodically. Licenses and certificates that have expired are in the process of renewal according to the usual procedures. The members of the Board of Directors acknowledge that the Issuer holds all necessary licenses and approvals to conduct its business and continue its operations. The following table shows the current licenses and approvals obtained by the Issuer:

Table (43): Licenses and Approvals Obtained by the company

#	Type of License	Purpose	License No.	Issue Date	Expiry Date	Issuing Authority
1	Social Insurance Certificate (The Saudi Factory for Rubber Products)	The Company's Compliance with Its Obligations toward the General Organization for Social Insurance	103436442	23/04/1447H (Corresponding to 15/10/2025G)	24/05/1447H (Corresponding to 15/11/2025G)	General Organization for Social Insurance
2	Social Insurance Certificate (Alwasail Industrial Company for Transport)	The Company's Compliance with Its Obligations toward the General Organization for Social Insurance	103436451	23/04/1447H (Corresponding to 15/10/2025G)	26/07/1447H (Corresponding to 15/01/2026G)	
3	Social Insurance Certificate (Alwasail Industrial Company Factory Branch)	Certificate for an Establishment Settling Its Debt in Installments with the General Organization for Social Insurance	103436477	23/04/1447H (Corresponding to 15/10/2025G)	22/05/1447H (Corresponding to 13/11/2025G)	
4	Social Insurance Certificate (Alwasail Industrial Company)	Certificate for an Establishment Settling Its Debt in Installments with the General Organization for Social Insurance	102221477	29/03/1447H (Corresponding to 21/09/2025G)	01/07/1447H (Corresponding to 21/12/2025G)	

#	Type of License	Purpose	License No.	Issue Date	Expiry Date	Issuing Authority
5	Field Safety License (Al-Wasail Indus-trial Company Factory Warehouse – Buraidah)	The Company's Compliance with the Preventive Inspection Requirements of the Safety Department at the General Directorate of Civil Defense	46-001130105-3	12/03/1447H (Corresponding to 04/09/2025G)	20/07/1447H (Corresponding to 09/01/2026G)	Ministry of Interior – General Directorate of Civil Defense
6	Field Safety License (Dammam Branch)	The Company's Compliance with the Preventive Inspection Requirements of the Safety Department at the General Directorate of Civil Defense	46-001675216-1	19/05/1446H (Corresponding to 21/11/2024G)	01/06/1448H (Corresponding to 11/11/2026G)	
7	Field Safety License (Wadi Al-Dawasir)	The Company's Compliance with the Preventive Inspection Requirements of the Safety Department at the General Directorate of Civil Defense	45-000952999-3	05/12/1445H (Corresponding to 11/06/2024G)	28/05/1448H (Corresponding to 08/11/2026G)	
8	Field Safety License (Qaryat Al-Ulya Branch)	The Company's Compliance with the Preventive Inspection Requirements of the Safety Department at the General Directorate of Civil Defense	46-001782021-1	23/07/1446H (Corresponding to 23/01/2025G)	21/08/1448H (Corresponding to 29/01/2027G)	
9	Field Safety License (Al-Hofuf Branch)	The Company's Compliance with the Preventive Inspection Requirements of the Safety Department at the General Directorate of Civil Defense	46-001717122-1	07/06/1446H (Corresponding to 08/12/2024G)	07/06/1447H (Corresponding to 28/11/2025G)	Ministry of Interior – General Directorate of Civil Defense
10	Field Safety License (Al-Zulfi Branch)	The Company's Compliance with the Preventive Inspection Requirements of the Safety Department at the General Directorate of Civil Defense	46-001287658-2	16/07/1446H (Corresponding to 16/01/2025G)	16/07/1447H (Corresponding to 05/01/2026G)	
11	Field Safety License (Al-Mota Branch, Buraidah)	The Company's Compliance with the Preventive Inspection Requirements of the Safety Department at the General Directorate of Civil Defense	47-000249162-7	24/03/1447H (corresponding to 16/09/2025G)	27/03/1448H (Corresponding to 09/09/2026G)	
12	Field Safety License (Al-Rawda Branch, Buraidah)	The Company's Compliance with the Preventive Inspection Requirements of the Safety Department at the General Directorate of Civil Defense	47-001536666-2	18/01/1447H (Corresponding to 13/07/2025G)	01/01/1448H (Corresponding to 16/06/2026G)	

#	Type of License	Purpose	License No.	Issue Date	Expiry Date	Issuing Authority
13	Field Safety License (Makkah Branch)	The Company's Compliance with the Preventive Inspection Requirements of the Safety Department at the General Directorate of Civil Defense	47-001976830-1	24/03/1447H (Corresponding to 16/09/2025G)	27/04/1448H (Corresponding to 08/10/2026G)	Ministry of Interior – General Directorate of Civil Defense
14	Field Safety License (Najran Branch)	The Company's Compliance with the Preventive Inspection Requirements of the Safety Department at the General Directorate of Civil Defense	46-000784795-4	03/06/1446H (Corresponding to 04/12/2024G)	01/07/1448H (Corresponding to 10/12/2026G)	
15	Field Safety License (Unaizah Branch)	The Company's Compliance with the Preventive Inspection Requirements of the Safety Department at the General Directorate of Civil Defense	1-001915554-47	29/01/1447H (Corresponding to 24/07/2025G)	29/01/1448H (Corresponding to 14/07/2026G)	
16	Field Safety License (Jeddah Branch)	The Company's Compliance with the Preventive Inspection Requirements of the Safety Department at the General Directorate of Civil Defense	47-001614471-1	26/02/1447H (Corresponding to 20/08/2025G)	19/04/1448H (Corresponding to 30/09/2026G)	
17	Field Safety License (Jeddah Warehouse)	The Company's Compliance with the Preventive Inspection Requirements of the Safety Department at the General Directorate of Civil Defense	46-00814519-4	27/08/1446H (corresponding to 26/02/2025G)	09/07/1448H (corresponding to 18/02/2026G)	
18	Field Safety License (Al-Kharj Branch)	The Company's Compliance with the Preventive Inspection Requirements of the Safety Department at the General Directorate of Civil Defense	46-001742910-1	13/07/1446H (corresponding to 13/01/2025G)	13/07/1447H (corresponding to 02/01/2026G)	
19	Field Safety License (Tuwaiq District Warehouse - Riyadh)	The Company's Compliance with the Preventive Inspection Requirements of the Safety Department at the General Directorate of Civil Defense	44-001143136-1	21/09/1444H (corresponding to 12/04/2023G)	21/09/1447H (corresponding to 10/03/2026G)	
20	Field Safety License (Al-Dubaia District Branch - Riyadh)	The Company's Compliance with the Preventive Inspection Requirements of the Safety Department at the General Directorate of Civil Defense	46-001266368-2	17/05/1446H (corresponding to 19/11/2024G)	20/01/1448H (corresponding to 05/07/2026G)	

#	Type of License	Purpose	License No.	Issue Date	Expiry Date	Issuing Authority
21	Field Safety License (Al-Ghanamia District Warehouse- Riyadh)	The Company's Compliance with the Preventive Inspection Requirements of the Safety Department at the General Directorate of Civil Defense	46-001688349-1	08/06/1446H (corresponding to 09/12/2024G)	08/06/1448H (corresponding to 18/12/2026G)	Ministry of Interior – General Directorate of Civil Defense
22	Field Safety License (Taif Branch)	The Company's Compliance with the Preventive Inspection Requirements of the Safety Department at the General Directorate of Civil Defense	46-000785396-4	08/02/1446H (corresponding to 12/08/2024G)	14/02/1448H (corresponding to 28/07/2026G)	
23	Field Safety License (Al-Ula Branch)	The Company's Compliance with the Preventive Inspection Requirements of the Safety Department at the General Directorate of Civil Defense	45-001335197-1	12/06/1445H (corresponding to 25/12/2023G)	12/06/1448H (corresponding to 22/11/2026G)	
24	Field Safety License (Jazan Branch)	The Company's Compliance with the Preventive Inspection Requirements of the Safety Department at the General Directorate of Civil Defense	45-001510866-1	12/01/1446H (corresponding to 18/07/2024G)	01/02/1448H (corresponding to 15/07/2026G)	
25	Field Safety License (Hail Branch)	The Company's Compliance with the Preventive Inspection Requirements of the Safety Department at the General Directorate of Civil Defense	45-001411319-1	12/11/1445H (corresponding to 20/05/2024G)	09/09/1447H (corresponding to 26/02/2026G)	
26	Field Safety License (Khamis Mushait Branch)	The Company's Compliance with the Preventive Inspection Requirements of the Safety Department at the General Directorate of Civil Defense	6-000492041-46	29/12/1446H (corresponding to 25/06/2025G)	29/12/1447H (corresponding to 15/06/2026G)	
27	Field Safety License (Sakaka Branch)	The Company's Compliance with the Preventive Inspection Requirements of the Safety Department at the General Directorate of Civil Defense	46-001144925-3	26/08/1446H (corresponding to 25/02/2025G)	29/08/1447H (corresponding to 17/02/2026G)	
28	Field Safety License (Medina Branch Warehouse)	The Company's Compliance with the Preventive Inspection Requirements of the Safety Department at the General Directorate of Civil Defense	47-001533424-2	09/02/1447H (Corresponding to 03/08/2025G)	08/02/1448H (Corresponding to 22/07/2026G)	

#	Type of License	Purpose	License No.	Issue Date	Expiry Date	Issuing Authority
29	Field Safety License. (Al-Wassail Factory Warehouse – Al-Qassim)	The Company's Compliance with the Preventive Inspection Requirements of the Safety Department at the General Directorate of Civil Defense	46-0013015-3	12/03/1447H (Corresponding to 04/09/2025G)	20/07/1447H (Corresponding to 09/01/2026G)	Ministry of Interior – General Directorate of Civil Defense
30	Field Safety License (Al-Wassail Industrial Company Factory)	The Company's Compliance with the Preventive Inspection Requirements of the Safety Department at the General Directorate of Civil Defense	47-002007818-1	03/06/1447H (corresponding to 24/11/2025G)	03/06/1448H (corresponding to 13/11/2026G)	
31	Local Content Certificate	Statement of the Local Content Percentage of the Entity for the Targeted Fiscal Year of Measurement	M197561	25/06/1447H (Corresponding to 21/09/2025G)	17/02/1448H (Corresponding to 31/07/2026G)	Local Content and Government Procurement Authority
32	Company Registration Certificate in the Chamber of Commerce	Certificate of Company Registration in the Chamber of Commerce	601000118200	05/09/1446H (Corresponding to 05/03/2025G)	18/09/1449H (Corresponding to 14/02/2028G)	Qassim Chamber of Commerce
33	Environmental Permit (Buraidah Factory 1)	Company's commitment and Compliance with the approved environmental standards and requirements	EPOPP-2024-008635	24/04/1446H (Corresponding to 27/10/2024G)	27/05/1449H (Corresponding to 27/10/2027G)	National Center for Environmental Compliance
34	Environmental Permit (Branch of The Saudi Factory for Rubber Products)	Company's commitment and Compliance with the approved environmental standards and requirements	EPOPP-2024-008540	19/03/1446H (Corresponding to 22/09/2024G)	21/04/1449H (Corresponding to 22/09/2027G)	
35	Environmental Permit (Buraidah Factory 2)	Company's commitment and Compliance with the approved environmental standards and requirements	EPOPP-2024-008632	24/04/1446H (Corresponding to 27/10/2024G)	27/05/1449H (Corresponding to 27/10/2027G)	
36	Commercial Activity License "Balady" (Khamis Mushait Branch)	Enabling the establishment to conduct its commercial activities	41123667113	Not Applicable	29/12/1447H (Corresponding to 15/06/2026G)	Ministry of Municipal, Rural Affairs and Housing – Balady Platform
37	Commercial Activity License "Balady" (Tuwaiq District Warehouse – Riyadh)	Enabling the establishment to conduct its commercial activities	440811731694	Not Applicable	21/09/1447H (Corresponding to 10/03/2026G)	

#	Type of License	Purpose	License No.	Issue Date	Expiry Date	Issuing Authority
38	Commercial Activity License "Balady" (Al-Dubaia District Branch - Riyadh)	Enabling the establishment to conduct its commercial activities	40112502373	Not Applicable	20/01/1448H (Corresponding to 05/07/2026G)	Ministry of Municipal, Rural Affairs and Housing – Balady Platform
39	Commercial Activity License "Balady"(Al-Ghanamia District Branch – Riyadh)	Enabling the establishment to conduct its commercial activities	460417309522	Not Applicable	08/06/1448H (Corresponding to 18/11/2026G)	
40	Commercial Activity License "Balady" (Al Zulfi Branch)	Enabling the establishment to conduct its commercial activities	40031803572	Not Applicable	13/10/1447H (Corresponding to 01/04/2026G)	
41	Commercial Activity License "Balady" (Al Taif Branch)	Enabling the establishment to conduct its commercial activities	43026178800	Not Applicable	14/02/1448H (Corresponding to 28/07/2026G)	
42	Commercial Activity License "Balady" (Al-Ula Branch)	Enabling the establishment to conduct its commercial activities	450513991281	Not Applicable	12/06/1448H (Corresponding to 22/11/2026G)	
43	Commercial Activity License "Balady" (Hail Branch)	Enabling the establishment to conduct its commercial activities	40011644705	Not Applicable	09/09/1447H (Corresponding to 26/02/2026G)	
44	Commercial Activity License "Balady" (Sakaka Branch)	Enabling the establishment to conduct its commercial activities	40082155373	Not Applicable	29/08/1447H (Corresponding to 17/02/2026G)	
45	Commercial Activity License "Balady" (Makkah Branch)	Enabling the establishment to conduct its commercial activities	3909561469	Not Applicable	27/04/1448H (Corresponding to 08/10/2026G)	
46	Commercial Activity License "Balady" (Wadi Al-Dawasir Branch)	Enabling the establishment to conduct its commercial activities	40062051649	Not Applicable	28/05/1448H (Corresponding to 08/11/2026G)	
47	Commercial Activity License "Balady" (Dammam Branch)	Enabling the establishment to conduct its commercial activities	40062042263	Not Applicable	01/06/1448H (Corresponding to 11/11/2026G)	
48	Commercial Activity License "Balady" (Al-Rawdah – Buraidah Branch)	Enabling the establishment to conduct its commercial activities	3909353730	Not Applicable	01/01/1448H (Corresponding to 16/06/2026G)	
49	Commercial Activity License "Balady" (Al-Mota – Buraidah Branch)	Enabling the establishment to conduct its commercial activities	41032616037	Not Applicable	27/03/1448H (Corresponding to 09/09/2026G)	

#	Type of License	Purpose	License No.	Issue Date	Expiry Date	Issuing Authority
50	Commercial Activity License "Balady" (Jeddah Branch)	Enabling the establishment to conduct its commercial activities	39111400499	Not Applicable	19/04/1447H (Corresponding to 30/09/2026G)	Ministry of Municipal, Rural Affairs and Housing – Balady Platform
51	Commercial Activity License "Balady" (Jeddah Warehouse)	Enabling the establishment to conduct its commercial activities	43037595841	Not Applicable	09/07/1448H (Corresponding to 18/12/2026G)	
52	Commercial Activity License "Balady" (Jazan Branch)	Enabling the establishment to conduct its commercial activities	40041971219	Not Applicable	01/02/1448H (Corresponding to 15/07/2026G)	
53	Commercial Activity License "Balady" (Madinah Warehouse)	Enabling the establishment to conduct its commercial activities	450814827970	Not Applicable	08/02/1448H (Corresponding to 22/07/2026G)	
54	Commercial Activity License "Balady" (Qaryat Al-Ulya Branch)	Enabling the establishment to conduct its commercial activities	42034150519	Not Applicable	21/08/1448H (Corresponding to 29/01/2027G)	
55	Commercial Activity License "Balady" (Al-Hofuf Branch)	Enabling the establishment to conduct its commercial activities	40052035596	Not Applicable	23/05/1447H (Corresponding to 14/11/2025G)	
56	Commercial Activity License "Balady" (Al-Kharj Branch)	Enabling the establishment to conduct its commercial activities	40092181627	Not Applicable	12/06/1447H (Corresponding to 03/12/2025G)	
57	Commercial Activity License "Balady" (Unaizah Branch)	Enabling the establishment to conduct its commercial activities	40021710575	Not Applicable	14/01/1448H (Corresponding to 29/06/2026G)	
58	Commercial Activity License "Balady" (Najran Branch)	Enabling the establishment to conduct its commercial activities	43026190645	Not Applicable	01/07/1448H (Corresponding to 10/12/2026G)	
59	Commercial Activity License "Balady" (Alwasail Company Factory Warehouse – Al-Qassim)	Enabling the establishment to conduct its commercial activities	40072081252	Not Applicable	20/07/1447H (Corresponding to 09/01/2026G)	
60	Commercial Activity License "Balady" (Alwasail Industrial Company Factory)	Enabling the establishment to conduct its commercial activities	470421137958	Not Applicable	03/06/1448H (corresponding to 13/11/2026G)	

#	Type of License	Purpose	License No.	Issue Date	Expiry Date	Issuing Authority
61	Localization Certificate (Alwasail Industrial Company)	Statement of the Company's Localization Ratio	10909123-204978	25/03/1447H (Corresponding to 17/09/2025G)	25/06/1447H (Corresponding to 16/12/2025G)	Ministry of Human Resources and Social Development
62	Localization Certificate (Alwasail Industrial Company Factory Branch)	Statement of the Company's Localization Ratio	62505963-145363	25/03/1447H (Corresponding to 17/09/2025G)	25/06/1447H (Corresponding to 16/12/2025G)	
63	Localization Certificate (The Saudi Factory for Rubber Products)	Statement of the Company's Localization Ratio	10008163-167814	25/03/1447H (Corresponding to 17/09/2025G)	25/06/1447H (Corresponding to 16/12/2025G)	
64	Localization Certificate (Alwasail Industrial Company for Transport)	Statement of the Company's Localization Ratio	14402579-962789	25/03/1447H (Corresponding to 17/09/2025G)	25/06/1447H (Corresponding to 16/12/2025G)	
65	Debt Certificate (Alwasail Industrial Company)	Statement of the debts on the Establishment, which can be provided to the new owner upon transfer of ownership.	6755989 - 107266	07/05/1447H (Corresponding to 29/10/2025G)	08/06/1447H (Corresponding to 29/11/2025G)	
66	Debt Certificate (Alwasail Industrial Company Factory)	Statement of the debts on the Establishment, which can be provided to the new owner upon transfer of ownership.	10705399 - 819802	07/05/1447H (Corresponding to 29/10/2025G)	08/06/1447H (Corresponding to 29/11/2025G)	
67	Debt Certificate (The Saudi Factory for Rubber Products Company)	Statement of the debts on the Establishment, which can be provided to the new owner upon transfer of ownership.	17397517 - 211337	07/05/1447H (Corresponding to 29/10/2025G)	08/06/1447H (Corresponding to 29/11/2025G)	
68	Debt Certificate (Alwasail Industrial Company for Transport)	Statement of the debts on the Establishment, which can be provided to the new owner upon transfer of ownership.	12961639 - 111141	07/05/1447H (Corresponding to 29/10/2025G)	08/06/1447H (Corresponding to 29/11/2025G)	
69	Wage Protection Compliance Certificate (Alwasail Industrial Company)	The Company's achievement of the wage Protection Compliance rate required by the Ministry of Human Re-sources and Social Development.	8224595-178587	07/05/1447H (Corresponding to 29/10/2025G)	08/06/1447H (Corresponding to 29/11/2025G)	
70	Wage Protection Compliance Certificate (The Saudi Factory for Rubber Products Company)	The Company's achievement of the wage Protection Compliance rate required by the Ministry of Human Re-sources and Social Development.	27050844 - 240973	07/05/1447H (Corresponding to 29/10/2025G)	08/06/1447H (Corresponding to 29/11/2025G)	

#	Type of License	Purpose	License No.	Issue Date	Expiry Date	Issuing Authority
71	Wage Protection Compliance Certificate (Alwasail Industrial Company Factory)	The Company's achievement of the wage Protection Compliance rate required by the Ministry of Human Re-sources and Social Development.	20577532 - 297560	07/05/1447H (Corresponding to 29/10/2025G)	08/06/1447H (Corresponding to 29/11/2025G)	Ministry of Human Resources and Social Development
72	Wage Protection Compliance Certificate (Alwasail Industrial Company for Transport)	The Company's achievement of the wage Protection Compliance rate required by the Ministry of Human Resources and Social Development.	13723077-176442	07/05/1447H (Corresponding to 29/10/2025G)	08/06/1447H (Corresponding to 29/11/2025G)	
73	Trademark Registration Certificate	Protect the company's trademark from infringement and preserve its rights	1443027428	20/12/1443H (Corresponding to 19/07/2022G)	18/08/1453H (Corresponding to 03/12/2031G)	Saudi Authority for Intellectual Property
74	Trademark Registration Certificate	Protect the company's trademark from infringement and preserve its rights	1443027327	08/11/1443H (Corresponding to 07/06/2022G)	17/08/1453H (Corresponding to 02/12/2031G)	
75	Trademark Registration Certificate	Protect the company's trademark from infringement and preserve its rights	1444004435	13/04/1444H (Corresponding to 07/11/2022G)	29/01/1454H (Corresponding to 29/05/2032G)	
76	Zakat Certificate (Alwasail Industrial Company)	Enabling the company to complete all its transactions, including the disbursement of final entitlements under contracts	1116014093	08/11/1446H (Corresponding to 06/05/2025G)	13/11/1447H (Corresponding to 30/04/2026G)	Zakat, Tax and Customs Authority
77	Value Added Tax Registration Certificate (Alwasail Industrial Company)	Collecting Value Added Tax from customers	3004380779	27/05/1444H (Corresponding to 21/12/2022G)	Not Applicable	General Authority of Zakat and Income
78	Industrial Facility License (Alwasail Industrial Company Factory)	Allowing the industrial entity to carry out its activities	1410100188288	26/02/1410H (Corresponding to 26/09/1989G)	05/12/1451H (Corresponding to 08/04/2030G)	Ministry of Industry and Mineral Re-sources
79	Industrial Facility License (Alwasail Industrial Company Factory)	Allowing the industrial entity to carry out its activities	4702127044	12/02/1447H (Corresponding to 06/08/2025G)	23/02/1448H (Corresponding to 06/08/2026G)	
80	Industrial Facility License (The Saudi Factory for Rubber Products)	Allowing the industrial entity to carry out its activities	1418100175527	03/08/1418H (Corresponding to 03/12/1997G)	09/06/1452H (Corresponding to 07/10/2030G)	

#	Type of License	Purpose	License No.	Issue Date	Expiry Date	Issuing Authority
81	Goods Transport License (Alwasail Industrial Company for Transport)	Transporting goods via land routes	00089170 /11	23/02/1447H (Corresponding to 17/08/2025G)	26/03/1450H (Corresponding to 17/08/2028G)	Transport General Authority
82	Commercial Register (Main Register)	Company Registration	1131002483	29/03/1400H (Corresponding to 15/02/1980G)	26/08/1447H (Corresponding to 14/02/2026G)	Ministry of Commerce
83	Commercial Register	Registration of the Branch of The Saudi Factory for Rubber Products	1131014314	12/03/1419H (Corresponding to 06/07/1998G)	05/12/1447H (Corresponding to 22/05/2026G)	
84	Commercial Register	Registration of the Company Branch – Alwasail Industrial Company for Transport	1131321747	14/11/1443H (Corresponding to 13/06/2022G)	03/11/1446H (Corresponding to 01/05/2025G)	
85	Commercial Register	Registration of the Company Branch in Dammam	2050022409	03/07/1412H (Corresponding to 07/01/1992G)	13/11/1446H (Corresponding to 11/05/2025G)	
86	Commercial Register	Registration of the Company Branch in Riyadh	1010186559	13/03/1424H (Corresponding to 14/05/2003G)	23/03/1448H (Corresponding to 05/09/2026G)	
87	Commercial Register	Registration of the Company Branch in Al-Ula	4651002121	01/11/1436H (Corresponding to 16/08/2015G)	21/01/1447H (Corresponding to 16/07/2025G)	
88	Commercial Register	Registering the company branch in Medina	4650027803	28/11/1419H (Corresponding to 16/03/1999G)	27/11/1446H (Corresponding to 25/05/2025G)	
89	Commercial Register	Registering the company branch in Jeddah	4030185911	28/01/1430H (Corresponding to 25/01/2009G)	28/01/1447H (Corresponding to 23/07/2025G)	
90	Commercial Register	Alwasail Industrial Company Factory	1131310613	22/05/1442H (Corresponding to 06/01/2021G)	22/05/1447H (Corresponding to 13/11/2025G)	
91	Commercial Register	Registering the company's factory branch in Buraidah	1131009107	15/07/1411H (Corresponding to 30/01/1991G)	14/08/1447H (Corresponding to 02/02/2026G)	

Source: Alwasail Industrial Company

6-3 Company's Branches

The company has (20) branches in various regions of the Kingdom.

6-4 Company's Branches – Outside the Kingdom

The company has (2) branches outside the Kingdom as per the following table:

Table (44): The company's Branches – Outside the Kingdom

#	Company Name	Legal Entity Type	Commercial Registration No.	Issue Date	Expiry Date	Activity
1	Alwasail Agricultural Company	Gulf Company Branch (Dubai Branch)	1240469	15/01/1425H (Corresponding to 06/03/2004G)	16/09/1447H (Corresponding to 05/03/2026G)	Trade of irrigation devices, equipment, and supplies
2	Alwasail Industrial Company listed joint stock company	Sole Proprietorship Company (Oman Branch)	1331768	21/03/1440H (Corresponding to 29/11/2018G)	12/02/1449H (Corresponding to 16/07/2027G)	Retail sale in specialized stores for pipes and their accessories

Source: Alwasail Industrial Company

6-5 Ownership of the company in Other Companies

The company does not hold ownership in any other companies.

6-6 Joint Ventures and Investments

6-6-1 The Issuer has the following investments:

The company does not have any joint ventures or investments.

6-7 Contracts with Related Parties

The company, when entering into contracts and agreements with related parties, ensures that all transactions are conducted on a purely competitive commercial basis that safeguards shareholders' rights and does not include any preferential terms or benefits. The company and its Board of Directors confirm their adherence to the Companies Law and the Corporate Governance Regulations concerning related-party transactions in relation to these contracts. A total of three (3) transactions involving conflicts of interest for members of the company's Board of Directors were approved at the Extraordinary General Assembly held on 08/03/1447H (corresponding to 31/08/2025G).

Below is a summary of the existing contracts with related parties:

Table (45): The company's Existing Transactions with Thaqeb Plastic Company (Related party):

Service Agreement	
Parties	The company and Thaqeb Plastic Company.
Agreement Description	A contract for shredding damaged plastic materials for the benefit of the Issuer.
Agreement Start Date	13/11/1443H (Corresponding to 12/06/2022G)
Agreement End Date	Indefinite duration.
Agreement Value	550 Saudi Riyals per ton.
Payment Mechanism	The second party (Thaqeb Company) provides cleaning, shredding, granulation, and transportation services to and from Alwasail Factory for an amount of five hundred and fifty (550) Saudi Riyals per ton, with the first party obligated to pay within one week after invoicing. Any materials not mentioned above (such as wooden pallets, paper, blocks, or any other scrap) if requested to be sold through Ladaain Company will incur a sales commission of 15% of the sales invoice value. If the second party (Thaqeb Plastic Company) requests the sale of shredded or granulated products P100 and P80 and empty bags, a fixed sales commission per ton of the sales invoice will be charged at 10% after deducting the shredding amount of 235 Saudi Riyals.
Nature of Relationship with the Related Party	Sister Company.

Source: Alwasail Industrial Company

Table (46): The company's Existing Transactions with Alwasail Construction Company Limited (Related Party):

Service Agreement	
Parties	The Company and Alwasail Construction Company Limited.
Agreement Description	Installation and maintenance of gas, water, and sewage networks using plastic materials from Alwasail Industrial Company.
Agreement Start Date	13/11/1443H (Corresponding to 12/06/2022G).
Agreement End Date	Indefinite duration.
Agreement Value	Not Applicable.
Payment Mechanism	Alwasail Construction Company shall pay the due invoices within 60 days from the invoice date or upon project closure, whichever comes first.
Nature of Relationship with the Related Party	Sister Company.

Source: Alwasail Industrial Company

Table (47): The company's Existing Transactions with Mr. Saleh Abdullah Al-Mushekih (Related Party):

Warehouse Lease Agreement	
Parties	The company and Mr. Saleh Abdullah Al-Mushekih
Agreement Description	Warehouse lease agreement in Riyadh City.
Agreement Start Date	22/09/1445H (Corresponding to 01/04/2024G).
Agreement End Date	12/10/1447H (Corresponding to 31/03/2026G). Two years, and the contract shall be renewed for a similar period unless one party notifies the other party of its desire to terminate the contract (60) days before the expiry date of the lease term.
Agreement Value	413,287 Saudi Riyals.
Payment Mechanism	Semi-annually.
Nature of Relationship with the Related Party	Vice Chairman of the Board of Directors.
Waiver	No provisions regulating this were mentioned in the agreement.
Disputes	In the event of a dispute between the parties regarding the interpretation or execution of this contract, or any of its clauses, the parties shall resolve it amicably within (15) days of the dispute arising or through an authorized entity in the Kingdom of Saudi Arabia.
Applicable Law	Laws of the Kingdom of Saudi Arabia.

Source: Alwasail Industrial Company.

6-8 Financing Agreements with Commercial Banks Issued by the Company

6-8-1 The following is a summary of the financing agreements concluded by the Company:

Table (48): Financing Agreement With The Saudi Awwal Bank

Financing Agreement With The Saudi Awwal Bank	
Agreement Date	30/03/1446H (Corresponding to 03/10/2024G)
Borrower	Company.
Type of Facility / Loan / Amount	Islamic-compliant credit facilities agreement.
Term	Not Applicable.
Facility Amount	45,000,000 Saudi Riyals.
Profit Margin / Commission	1. Letter of Credit and Guarantee Facility for issuing guarantees (SAMA tariff + 0.5% annually). 2. Import Finance Facility (2% annually above the SAIBOR price).
Guarantee Documents	Promissory note for an amount of 45,000,000 Saudi Riyals.

Source: Alwasail Industrial Company

Table (49): Financing Agreement With The Saudi Industrial Development Fund

Financing Agreement With The Saudi Industrial Development Fund	
Agreement Date	08/02/1443H (Corresponding to 15/09/2021G)
Borrower	Company.
Type of Facility / Loan / Amount	Loan agreement for the establishment of a factory for the production of polyethylene pipes and fittings.
Term	The final payment date: 15/02/1450H (Corresponding to 08/07/2028G).
Facility Amount	34,900,000 Saudi Riyals.
Profit Margin / Commission	Not Applicable.
Guarantee Documents	• Promissory notes. • Pledging of assets.

Source: Alwasail Industrial Company

Table (50): Financing Agreement With Bank Albilad

Financing Agreement With Bank Albilad	
Agreement Date	18/07/1445H (Corresponding to 30/01/2024G)
Borrower	Company.
Type of Facility / Loan / Amount	Credit Sale and Long-Term Financing Facility Agreement.
Term	The final payment date: 30/07/1447H (Corresponding to 19/01/2026G).
Facility Amount	833,772.33
Profit Margin / Commission	8,245
Guarantee Documents	Joint and Several Liability Guarantee by the Board Members: Mr. Abdulrahman Al-Mushekih, Mr. Saleh Al-Mushekih, Mr. Nasser Al-Mushekih, Mr. Abdulaziz Al-Mushekih, Mr. Abdulqader Al-Mushekih.

Source: Alwasail Industrial Company

6-9 Material Agreements

The Company operates through direct purchase orders under which the work is carried out, and the issuer has entered into the material agreement shown below :

Table (51): Supply Agreement

Supply Agreement	
Parties	The Company and Saudi Basic Industries Corporation (SABIC)
Agreement Description	The Company purchase of polymer products and various chemical products from the seller.
Agreement Duration	Dated 01/07/1446H (corresponding to 01/01/2025G) for a duration of 12 months from the agreement date.
Agreement Value	Not specified and shall be in accordance with what is stated in the annexes to the agreement.
Payment Mechanism	a. Payment shall be made by the Company to the seller in full, without any deductions, withholdings, or set-offs, to the seller's bank account as detailed in Annex B of the agreement. b. Payment terms for each order must be monthly as specified in the sales order and/or order Confirmation. If the sales order does not specify the payment term, payment by the Company shall be either in advance cash or by a letter of credit in a format acceptable and approved by the seller, payable at sight. c. The Company's letter of credit must be issued by a licensed, reputable bank satisfactory to the seller. In the case of multiple orders, the Company must maintain the letter of credit at sufficient amounts, payable upon the seller presenting its invoice. The Issuer shall bear the cost of any charges related to discrepancies in the letter of credit caused by the Issuer. d. The Company shall be responsible for paying all banking fees related to the letter of credit or any other payment method. e. The seller may, at its discretion, agree to sell the products on credit and set a specific credit limit under which the Company may purchase the products. If the Company's obligations to the seller exceed, or are likely to exceed, this credit limit, the seller shall have the right to delay, suspend, or refuse any new purchase order until all outstanding amounts are settled, and/or the seller and Company agree on credit arrangements and/or payment guarantees acceptable to the seller, allowing the seller to resume sales.
Waiver	No provisions governing this were mentioned in the agreement.
Disputes	The competent court for resolving disputes which located in the city of Riyadh.
Applicable Law	The agreement is subject to the laws and regulations of the Kingdom of Saudi Arabia.

Source: Alwasail Industrial Company

6-10 Assets and Properties

6-10-1 Fixed Assets

According to the audited preliminary financial statements for the period ending on 30/06/2025G, and as of the date of preparation of this transfer document, the company owns a number of fixed assets. The Issuer holds thirteen (13) deeds issued by the Notary Public in various regions of the Kingdom.

Below is a list of the Company's owned deeds along with their key details:

Table (52): Details of the Deeds Owned by the Company

#	Deed No.	Deed Date	Property Area	Ownership Percentage	Location
1	710105040092	20/01/1437H (Corresponding to 02/11/2015G)	2,750 m^2	%100	Riyadh, Al-Rimal District
2	610105044277	10/09/1437H (Corresponding to 15/06/2016G)	3,466.27 m^2	%100	Riyadh, Al-Rimal District
3	311512009737	28/02/1442H (Corresponding to 15/10/2020G)	1,500 m^2	%100	Al-Kharj, Hattin District
4	562504013278	29/08/1438H (Corresponding to 25/05/2017G)	448,706.76 m^2	%25	Buraidah, South Riwaq
5	362511006334	02/03/1436H (Corresponding to 24/12/2014G)	786 m^2	%100	Buraidah, Al-Khubaybah District
6	320210024877	13/03/1440H (Corresponding to 21/11/2018G)	2,500 m^2	%100	Jeddah, Al-Raghama District
7	337901000841	12/05/1446H (Corresponding to 14/11/2024G)	1,498.66 m^2	%100	Dammam, Al-Rawdah District
8	962510011331	18/09/1438H (Corresponding to 13/06/2017G)	500 m^2	%100	Buraidah, Saltanah District
9	262510011332	18/09/1438H (Corresponding to 13/06/2017G)	500 m^2	%100	Buraidah, Saltanah District
10	36250901157	01/07/1439H (Corresponding to 18/03/2018G)	4,884.77 m^2	%100	Buraidah, South Al-Qusayyah
11	361505004293	03/09/1437H (Corresponding to 08/06/2016G)	1,341.82 m^2	%100	Unaizah, Al-Mansouriyah District
12	362510012892	15/08/1439H (Corresponding to 01/05/2018G)	90,000 m^2	%100	Buraidah
13	462503019736	30/07/1443H (Corresponding to 03/03/2022G)	1,620.30 m^2	%100	Buraidah, Al-Rayan District

Source: Alwasail Industrial Company

6-11 Leases

The Company has entered into a total of (24) lease agreements in its capacity as a lessee.

Below is a list of the active lease agreements for the locations leased by the Issuer, along with their main details:

Table (53): Active and renewed lease agreements for locations leased by the Company

#	Lessor	Lessee	Location	Property Usage Type	Lease Term and Renewal Mechanism	Total Rent Value (Saudi Riyals)
1	Feisal Al-Houshani	The Company	Al-Hofuf	Commercial	05/12/1446H (Corresponding to 01/06/2025G) – 14/12/1447H (Corresponding to 31/05/2026G) The contract ends at the expiration of its term	30,000
2	Abdulaziz Al-Mousa	The Company	Riyadh	Residential/ Commercial	15/02/1447H (Corresponding to 09/08/2025G) – 25/02/1448H (Corresponding to 08/08/2026G) Automatically renewed unless either party notifies the other of its desire to terminate the contract (60 days) before the expiry	34,500
3	Suleiman Barkoot	The Company	Khamis Mushait	Commercial	01/02/1447H (Corresponding to 26/07/2025G) – 11/08/1448H (Corresponding to 25/07/2026G) The contract ends at the expiration of its term	110,000
4	Saleh Al-Humaidan	The Company	Al-Zulfi	Commercial	08/12/1446H (Corresponding to 04/06/2025G) – 17/12/1447H (Corresponding to 03/06/2026G) The contract ends at the expiration of its term	25,000
5	Bandar Al-Sudairy	The Company	Hail	Commercial	07/09/1446H (Corresponding to 08/03/2025G) – 18/09/1447H (Corresponding to 07/03/2026G) The contract ends at the expiration of its term	75,900
6	Abdulrahman Al-Zahrani	The Company	Jeddah	Commercial	06/01/1447H (Corresponding to 01/07/2025G) – 15/01/1448H (Corresponding to 30/06/2026G) The contract ends at the expiration of its term	345,000
7	Misfer Al-Qahtani	The Company	Jazan	Commercial	20/01/1447H (Corresponding to 15/07/2025G) – 20/01/1447H (Corresponding to 14/07/2027G) The contract ends at the expiration of its term	180,000

#	Lessor	Lessee	Location	Property Usage Type	Lease Term and Renewal Mechanism	Total Rent Value (Saudi Riyals)
8	Hessa Manhi	The Company	Al-Ula	Residential/ Commercial	20/03/1445H (Corresponding to 05/10/2023G) – 23/04/1448H (Corresponding to 04/10/2026G) The contract ends at the expiration of its term	150,000
9	Abdullah Al-Mahawesh	The Company	Al-Hofuf	Commercial	23/05/1446H (Corresponding to 25/11/2024G) – 03/06/1447H (Corresponding to 24/11/2025G) The contract ends at the expiration of its term	25,376
10	Dhaif Al-Zaidi	The Company	Taif	Commercial	10/12/1444H (Corresponding to 28/06/2023G) – 12/01/1448H (Corresponding to 27/06/2026G) Automatically renewed unless either party notifies the other (30 days) before the expiry	138,000
11	Saeed Al-Mutairi	The Company	Qaryat Al-Ulya	Commercial	19/09/1446H (corresponding to 19/03/2025G) – 29/09/1447H (corresponding to 18/03/2026G) The contract ends at the expiration of its term	22,000
12	Ibrahim Alzahrani	The Company	Makkah	Residential/ Commercial	08/04/1446H (corresponding to 11/10/2024G) – 29/04/1448H (corresponding to 10/10/2026G) The contract ends at the expiration of its term	80.000
13	Ali Al-Sharmah	The Company	Najran	Commercial	03/06/1446H (corresponding to 04/12/2024G) – 12/06/1447H (corresponding to 03/12/2025G) The contract ends at the expiration of its term	75.000
14	Abdulmueen Al-Waqdani	The Company	Taif	Commercial	02/09/1446H (corresponding to 02/03/2025G) – 13/08/1447H (corresponding to 01/02/2026G) The contract ends at the expiration of its term	40.000
15	Saleh Al-Mushekih	The Company	Riyadh	Commercial	22/09/1445H (corresponding to 01/04/2024G) – 12/10/1447H (corresponding to 31/03/2026G) Automatically renewable unless either party notifies the other at least (60 days) before the expiry of the contract term	413,287

#	Lessor	Lessee	Location	Property Usage Type	Lease Term and Renewal Mechanism	Total Rent Value (Saudi Riyals)
16	Nasser Al-Dossary	The Company	Wadi Al-Dawasir	Commercial	01/06/1445H (corresponding to 14/12/2023G) – 22/06/1447H (corresponding to 13/12/2025G) The contract ends at the expiration of its term	100,000
17	Saudi Authority for Industrial Cities and Technology Zones (MODON)	Alwasail Industrial Company Factory	First Qassim	Industrial	01/03/1442H (corresponding to 18/10/2020G) – 29/02/1455H (corresponding to 28/05/2033G) The contract ends at the expiration of its term	904,800
18	Saudi Authority for Industrial Cities and Technology Zones (MODON)	Alwasail Industrial Company Factory	First Qassim	Industrial	01/03/1442H (corresponding to 18/10/2020G) – 29/02/1455H (corresponding to 28/05/2033G) The contract ends at the expiration of its term	681,512
19	Saudi Authority for Industrial Cities and Technology Zones (MODON)	Alwasail Industrial Company Factory	First Qassim	Industrial	01/03/1442H (corresponding to 18/10/2020G) – 29/02/1455H (corresponding to 28/05/2033G) The contract ends at the expiration of its term	381.524
20	Saudi Authority for Industrial Cities and Technology Zones (MODON)	Alwasail Industrial Company Factory	First Qassim	Industrial	01/03/1442H (corresponding to 18/10/2020G) – 29/02/1455H (corresponding to 28/05/2033G) The contract ends at the expiration of its term	211,796
21	Saudi Authority for Industrial Cities and Technology Zones (MODON)	Alwasail Industrial Company Factory	First Qassim	Industrial	06/11/1443H (corresponding to 05/06/2022G) – 05/11/1456H (corresponding to 15/01/2035G) The contract ends at the expiration of its term	220,636
22	Saudi Authority for Industrial Cities and Technology Zones (MODON)	The Saudi Factory for Rubber Products Company	First Qassim	Industrial	29/06/1444H (corresponding to 22/01/2023G) – 28/06/1464H (corresponding to 16/06/2042G) The contract ends at the expiration of its term	345,600
23	Saudi Authority for Industrial Cities and Technology Zones (MODON)	Alwasail Industrial Company Factory	First Qassim	Lands	01/03/1447H (corresponding to 24/08/2025G) – 29/02/1449H (corresponding to 02/08/2027G) The contract ends at the expiration of its term	19,980
24	Saudi Authority for Industrial Cities and Technology Zones (MODON)	The Company	First Qassim	Industrial	21/11/1442H (corresponding to 01/07/2021G) – 20/11/1457H (corresponding to 20/01/2036G) The contract ends at the expiration of its term	254.580

Source: Alwasail Industrial Company

6-12 Trademarks and Intellectual Property Rights

The Company has protected its intellectual property by registering its trademark in order to preserve its reputation and the strength of its name and brand in the market and among competitors. The following table shows the registered trademarks of the Company:

Table (54): Details of the Company's Trademark:

#	Registration No.	Owner's name	Class	Protection Date	Country of Registration	Trademark
1	1443027428	The Saudi Factory for Rubber Products, A branch of Alwasail Industrial Company	17	19/08/1443H (corresponding to 22/03/2022G) – 18/08/1453H (corresponding to 03/12/2031G)	Saudi Arabia	SRP المصنع السعودي للمنتجات المطاطية
2	1443027327	The Company	19	18/08/1443H (corresponding to 21/03/2022G) – 17/08/1453H (corresponding to 02/12/2031G)	Saudi Arabia	ALWASAIL الوسائل
3	1444004435	Alwasail Industrial Company Factory Branch Closed Joint Stock Company	19	01/02/1444H (corresponding to 28/08/2022G) – 29/01/1454H (corresponding to 09/05/2032G)	Saudi Arabia	comfort Piping Systems

Source: Alwasail Industrial Company

6-13 Disputes and Legal Proceedings

Except as stated below, the Company acknowledges that it is not a party to any material litigation, claim, or arbitration that would have a material effect on its business or financial position. The table below sets out, as of the date of this document, the Company is a party to a number of legal proceedings that have arisen in the ordinary course of its business.

Table (55): Disputes and Legal Proceedings

#	Issuer's attribute in the lawsuit	Dispute Summary	Status	Claims
1	Plaintiff	Compensation for Unlawful Termination of Con-tract, Refund of Advance	Pending (Under consideration)	Claim for a total amount of 65,000 Saudi Riyals
2	Defendant	Compensation for Unlawful Termination of Con-tract, Claim for Labor Dues	Ruling to Suspend Proceedings	Claim for a total amount of 98,679 Saudi Riyals
3	Defendant	Refund of Amount Owed by the Defendant	Pending (Under consideration)	Claim for a total amount of 185,600 Saudi Riyals
4	Plaintiff	Claim for Outstanding Amount from Previous Transaction under Invoices	Pending (Under consideration)	Claim for a total amount of 267,930 Saudi Riyals, and compensation for litigation damages in the amount of 35,000 Saudi Riyals

#	Issuer's attribute in the lawsuit	Dispute Summary	Status	Claims
5	Plaintiff	Claim for Outstanding Amount from Previous Transaction under Invoices	Pending (Under consideration)	Claim for an amount of 18,367 Saudi Riyals
6	Defendant	Compensation for Damages Arising from Cases Filed Against the Plaintiff	Pending (Under consideration)	Claim for a total amount of 500,000 Saudi Riyals
7	Defendant	Claim for Delivery of the Sold Item	Preliminary Judgment Issued,Pending (Under consideration)	Claim for a total amount of 54,104 Saudi Riyals
8	Plaintiff	Compensation to the Plaintiff for Damages Resulting from the Defendant's Failure to Fulfill the Agreed Contractual Obligations	Pending (Under consideration)	Claim for a total amount of 238,848 Saudi Riyals

Source: Alwasail Industrial Company

6-14 Insurance

The Company maintains insurance policies covering various types of risks associated with its business. The Company has insured its employees in accordance with the Labor Law and the Cooperative Health Insurance Law, in addition to maintaining motor insurance and property insurance. The following table sets out the insurance arrangements in force as of the date of this document:

Table (56): Insurance

#	Insurance Company	Client Name	Policy No.	Insurance Period		Sum Insured	Type of Insurance
1	Mediterranean & Gulf Cooperative Insurance and Reinsurance Co.	AlWasail Industrial Company	GRH - 18157636	01/07/1446H (corresponding to 01/01/2025G)	11/07/1447H (corresponding to 31/12/2025G)	SAR 1,000,000	Employee health Insurance
2	Walaa Cooperative Insurance	AlWasail Industrial Company	P-C01-25-312-256739	11/11/1446H (corresponding to 09/05/2025G)	22/11/1447H (corresponding to 09/05/2026G)	SAR 10,000,000	Motor Insurance
3	Walaa Cooperative Insurance	AlWasail Industrial Company	P-C01-25-312-256740	11/11/1446 H (corresponding to 09/05/2025G)	22/11/1447H (corresponding to 09/05/2026G)	SAR 10,000,000	Motor Insurance
4	Walaa Cooperative Insurance	AlWasail Industrial Company	P-C01-24-312-256741	11/11/1446H (corresponding to 09/05/2025G)	22/11/1447H (corresponding to 09/05/2026G)	SAR 10,000,000	Motor Insurance
5	The Cooperative Insurance Company (Tawuniya)	AlWasail Industrial Company	625412	01/07/1446H (corresponding to 01/01/2025G)	11/07/1447H (corresponding to 31/12/2025G)	SAR 163,316,029	Property insurance

Source: Alwasail Industrial Company

6-15 Employees

The Company is committed to electronically documenting its employees' employment contracts through the Qiwa platform. Pursuant to Articles (12) and (13) of the Labor Law, which require all employers in companies to adopt internal work regulations regardless of the number of employees, and which also permit the employer to include additional provisions in such regulations provided they do not conflict with the provisions of the law, the workforce of AlWasail Industrial Company (as stated in the certificates issued by the General Organization for Social Insurance (GOSI)) as of the date of this document is as follows:

Table (57): Employees

Branch	Total Employees	Saudi Employees	Non-Saudi Employees	Certificate Expiry Date
Al-Wasail Industrial Company (Buraidah)	20	5	15	01/07/1447 AH (corresponding to 21/12/2025 AD)
Al-Wasail Industrial Company Factory Branch (Buraidah)	753	230	523	22/05/1447 AH (corresponding to 13/11/2025 AD)
Saudi Rubber Products Factory Company (Buraidah)	35	10	25	24/05/1447 AH (corresponding to 15/11/2025 AD)
Al-Wasail Industrial Company (Transport – Buraidah)	34	12	22	26/07/1447 AH (corresponding to 15/01/2026 AD)
Total	**842**	**257**	**585**	-

Source: Alwasail Industrial Company

6-16 Saudization

The Company is classified under the "Low Green" range, according to Saudization Certificate No. 10909123-204978, dated 25/03/1447 AH (corresponding to 17/09/2025 AD), issued by the Ministry of Human Resources and Social Development, which indicates the following:

Table (58): Saudization of AlWasail Industrial Company

Establishment Name:	AlWasail Industrial Company
File No	3269-3
Commercial Registration No	1131002483
Entity Status under the Saudization System	The Ministry of Human Resources and Social Development certifies that the above-mentioned establishment has achieved the required Saudization ratios.
Nitaqat Level	Low Green
Saudization Rate	31%

Source: Alwasail Industrial Company

The Company's branch (AlWasail Industrial Company Factory) is classified under the "Medium Green" range, according to Saudization Certificate No. 62505963-145363, dated 25/03/1447 AH (corresponding to 17/09/2025 AD), issued by the Ministry of Human Resources and Social Development, which indicates the following:

Table (59): Saudization of AlWasail Industrial Company factory

Establishment Name:	AlWasail Industrial Company Factory
File No	13141-3
Commercial Registration No	1131009107
Entity Status under the Saudization System	The Ministry of Human Resources and Social Development certifies that the above-mentioned establishment has achieved the required Saudization ratios.
Nitaqat Level	Medium Green
Saudization Rate	31%

Source: Alwasail Industrial Company

The Company's branch (Saudi Rubber Products Factory) is classified under the "Low Green" range, according to Saudization Certificate No. 10008163-167814, dated 25/03/1447 AH (corresponding to 17/09/2025 AD), issued by the Ministry of Human Resources and Social Development, which indicates the following:

Table (60): Saudization of Saudi Rubber Products Factory

Establishment Name:	Saudi Rubber Products Factory – Branch of AlWasail Industrial Company
File No	4358-3
Commercial Registration No	1131014314
Entity Status under the Saudization System	The Ministry of Human Resources and Social Development certifies that the above-mentioned establishment has achieved the required Saudization ratios.
Nitaqat Level	Low Green
Saudization Rate	27%

Source: Alwasail Industrial Company

The Company's branch (AlWasail Industrial Transport Company) is classified under the "Medium Green" range. We have also received Saudization Certificate No. 14402579-962789, dated 25/03/1447 AH (corresponding to 17/09/2025 AD), issued by the Ministry of Human Resources and Social Development, which indicates the following:

Table (61): Saudization of AlWasai Industrial Transport Company

Establishment Name:	AlWasail Industrial Transport Company
File No	1991070-3
Commercial Registration No	1131321747
Entity Status under the Saudization System	The Ministry of Human Resources and Social Development certifies that the above-mentioned establishment has achieved the required Saudization ratios.
Nitaqat Level	Medium Green
Saudization Rate	20%

Source: Alwasail Industrial Company

6-17 Employee Share Program

At its meeting held on 06/05/1445 AH (corresponding to 20/11/2023 AD), the Board of Directors resolved to approve the Employee Share Program Regulations and to recommend the same to the Extraordinary General Assembly. The Board also approved the purchase of a number of the Company's shares, up to a maximum of 500,000 shares, to be allocated as bonus (grant) shares for the long-term Employee Share Program, with the purchase to be funded from the Company's available cash, and recommended the same to the Extraordinary General Assembly.

At its meeting held on 17/07/1445 AH (corresponding to 29/01/2024 AD), the Extraordinary General Assembly approved the Board's recommendations as follows:

1. Approval of the employee share program and the authorization of the Board of Directors to determine the terms and conditions of the program, including the allocation price per share offered to employees, if any consideration is payable.
2. Approval for the Company to purchase up to (500,000) of its shares for the purpose of allocating them to the Company's employees under the Employee Share Program. The purchase will be funded from the Company's available cash, and the Board of Directors is authorized to complete the purchase within a period not exceeding twelve (12) months from the date of the Extraordinary General Assembly's resolution. The Company will hold the purchased shares for a period not exceeding five (5) years from the date of the Extraordinary General Assembly's approval, as a maximum, until they are allocated to eligible employees. After the expiry of this period, the Company will follow the procedures and controls set out in the relevant laws and regulations.

6-18 Board Members' Declarations on Legal Information

The Board Members declare the following:

A. The transfer does not constitute a breach of any contract/agreement entered into by the issuer.

B. All material legal issues concerning the issuer have been disclosed in the transfer document.

C. The Issuer complies with the requirements of the Corporate Governance Regulations and the disclosure requirements set out therein, as well as the Companies Law, its Implementing Regulations, and the regulatory controls and procedures issued in implementation of the Companies Law applicable to listed joint stock companies.

D. Other than what has been mentioned on page (103) of this document, the Issuer is not subject to any claims, litigious cases or any other type of legal proceedings that could individually or collectively have effect on the business of the issuer or their financial position.

E. Other than what has been mentioned on page (103) of this document, the directors are not subject to any claims, litigious cases or any other type of legal proceedings that could individually or collectively have effect on the business of the issuer or their financial position.

F. There has not been any interruption in the business of the issuer which may have has a significant effect of the financial position in the last twelve (12) months.

G. Except as stated on page (C) and in subsection (6.7) "Contracts with Related Parties" of Section (6) "Legal Information and Board of Directors Declarations" of this document, the board of directors or any of their relatives do not have any shareholding or interest of any kind in the Company.

7

Financial Information and Management Discussion and Analysis

7- Financial Information and Management Discussion and Analysis

7-1 Introduction

Management's Discussion and Analysis of the financial position and results of operations of Al-Wasail Industrial Company (the "Company") and its financial condition has been prepared for the years ended 31 December 2022, 2023 and 2024, and for the six-month periods ended 30 June 2024 and 2025. This section and the accompanying notes have been prepared based on the Company's audited financial statements for the financial years ended 31 December 2022, 2023 and 2024, and the unaudited financial statements for the six-month period ended 30 June 2025 (which include comparative six-month financial information for the period ended 30 June 2024), which were prepared by the Company's management and reviewed in accordance with the International Standards on Auditing as adopted in the Kingdom of Saudi Arabia by Sulaiman Abdullah Al-Kharashi (Al-Kharashi & Co., Certified Public Accountants and Legal Auditors). The Company has applied International Financial Reporting Standards (IFRS) as adopted in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

Neither nor any of its affiliates, employees, or any of their relatives holds any shares or interests of any kind in the Company that could affect its independence as of the date of this document. As of the date of this document, Sulaiman Abdullah Al-Kharashi (Al-Kharashi & Co., Certified Public Accountants and Legal Auditors) has provided its written consent to be referred to in the Transition Document in its capacity as the Company's external auditor for the financial years ended 31 December 2022, 2023 and 2024, and for the six-month periods ended 30 June 2024 and 2025, and such consents have not been withdrawn as of the date of this document.

The financial statements referred to below form an integral part of this document and should be read together with such financial statements and the related explanatory notes. These financial statements are available in Section (8) "External Auditor's Report" of this document.

The financial information for the years ended 31 December 2023 and 2024 has been extracted from the Company's audited financial statements for the year ended 31 December 2024. The financial information for the year ended 31 December 2022 has been extracted from the comparative financial statements presented in the Company's audited financial statements for the year ended 31 December 2023. The financial information for the six-month periods ended 30 June 2024 and 2025 has been extracted from the unaudited financial statements for the six-month period ended 30 June 2025.

This section may include forward-looking statements relating to the Company's future expectations based on management's plans and projections regarding the Company's growth, results of operations and financial position, as well as the associated risks and uncertainties. Actual results may differ materially from such expectations due to various factors, risks and future events, including those discussed in this section of the document or elsewhere herein, in particular Section (2) "Risk Factors" of this document.

7-2 Board Members' Declarations Regarding Financial Information

- The Board of Directors acknowledges that the financial information contained in the Transfer Document has been extracted without material alteration and presented in accordance with the audited financial statements for the fiscal years ended 2022G, 2023G, and 2024G, as well as the preliminary reviewed financial statements for the first half of 2024G and the first half of 2025G, without any material adjustments, and in accordance therewith. The reviewed financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).
- The Board of Directors declares that there are no properties within the company, including contractual securities or other assets, whose values are subject to fluctuations or difficult to verify, which could materially affect the company's financial position.

- The Board of Directors declares that there are no seasonal factors or economic cycles related to the activity that could affect the company's commercial and financial position.
- The Board of Directors declares that the company is not aware of any information related to government, economic, financial, or monetary policies, or any other factors that have affected or could materially affect (directly or indirectly) the company's operations.
- Except as stated in the Equity section, the Board of Directors declares that no material changes have occurred in the Issuer's capital during the three years immediately preceding the date of submitting the Transfer request.
- The Board of Directors declares that the Issuer's capital is not covered by the option right.
- Except as disclosed in the Liabilities section, the Board of Directors declares that there are no approved debt instruments yet to be issued, and there are no loans secured by personal guarantees, collateralized loans, or unsecured loans (whether guaranteed by the Issuer or third parties).
- Except as disclosed in the Liabilities section, the Board of Directors declares that the company has no other loans or indebtedness, including overdrafts, acceptance obligations, letters of credit, or lease purchase commitments.
- Except as disclosed in the Liabilities section, the Board of Directors declares that there are no mortgages, rights, or obligations on the company's assets as of the date of publishing this document.
- Except for letters of guarantee and documentary credits, the Board of Directors declares that there are no contingent liabilities or guarantees.
- The Board of Directors declares that no negative or material changes have occurred in the financial or commercial position during the fiscal years ended on December 31, 2022G, 2023G, 2024G, and during the first half of 2024G and the first half of 2025G.
- The Board of Directors declares that no commissions, discounts, brokerage fees, or any non-cash compensations have been granted by the Issuer during the three years immediately preceding the date of submitting the Transfer request with respect to the shares subject to the Transfer.

7-3 Overview of the Company

Alwasail Industrial Company ("the Company") is a Saudi public joint stock company, registered in Buraidah, Kingdom of Saudi Arabia, under Commercial Register No. (1131002483) dated 29/03/1400H (corresponding to 16/02/1980G) and License No. (97) dated 24/02/1410H (corresponding to 25/09/1989G), renewed under No. 1818/R on 03/04/1433H (corresponding to 25/02/2012G), and renewed under No. 2343 on 28/07/1436H (corresponding to 17/05/2015G).

On 28/03/1443H (corresponding to 03/11/2021G), the Capital Market Authority issued a decision regarding the Issuer based on the company's request to offer (2,500,000) shares, representing (10%) of its shares, on the Parallel Market "Nomu".

On 15/06/1443H (corresponding to 18/01/2022G), (10%) (2,500,000) of the company's shares were listed, and trading commenced on the Saudi Exchange Company (Saudi Exchange) Parallel Market "Nomu" under the symbol (9525).

Alwasail Industrial Company initially began producing polyethylene pipes for irrigation purposes and later expanded its production lines. Alwasail has a subsidiary company, The Saudi Company for Rubber Products, which complements the pipe manufacturing line and its associated fittings, specializing in flat foam rubber rings and pipe foam insulation.

The registered office address of the company is: P.O. Box 3806, Al-Qassim – Riyadh Road – Madinah Highway – Al-Yarmouk Area No. 16, P.O. Box 6331, Buraidah 52315, Kingdom of Saudi Arabia, with four factories affiliated with Alwasail Company and one factory of The Saudi Rubber Company.

The company operates approximately 23 registered branches throughout the Kingdom of Saudi Arabia and two branches outside the Kingdom.

7-4 Accounting Standards and Basis of Preparing Financial Statements

7-4-1 Basis of Preparation

7-4-1-1 Statement of Compliance

The company's condensed interim financial statements have been prepared in accordance with International Accounting Standard No. (34) "Interim Financial Reporting," adopted in the Kingdom of Saudi Arabia (which specifies International Financial Reporting Standard that specifies the minimum content of the interim financial report.), and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants.

The interim condensed financial statements do not include all the information and disclosures required by International Financial Reporting Standards and should be read in conjunction with the Company's annual financial statements as of December 31, 2024G. Furthermore, the results for the interim period ending June 30, 2025G, may not be an accurate indication of the results expected for the fiscal year ending December 31, 2025G.

7-4-1-2 Measurement Basis

The condensed interim financial statements have been prepared based on the historical cost principle, except for defined employee benefit obligations, which are recognized at the present value of future obligations using the projected unit credit method. The statements are prepared using the accrual basis of accounting and the going concern concept.

7-4-1-3 Functional and Presentation Currency

These financial statements are presented in Saudi Riyals, which is the company's functional and presentation currency.

7-4-1-4 Significant Accounting Judgments and Estimates

The preparation of the condensed interim financial statements requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Such estimates and judgments are continuously evaluated based on past experience and other factors, including expectations of future events considered reasonable under the circumstances and available information. These form the basis for making judgments about the reported amounts of assets and liabilities not otherwise apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on a going concern basis. The review of accounting estimates is recognized in the period in which the estimates are reviewed if the review affects only that period, or in the current and future periods if the review affects both current and future periods.

In applying the company's accounting policies, management has made assumptions and estimates regarding uncertainties that are considered significant to the condensed interim financial statements:

- **Impairment of trade receivables and other receivable balances:**

Trade receivables and other receivable balances are recorded at amortized cost, reduced by provisions for estimated irrecoverable amounts. The estimated irrecoverable amounts are based on the aging of receivables and historical experience, appropriately adjusted for expected future conditions. Trade receivables are written off individually when management considers them uncollectible.

- **Inventory value impairment:**

Inventory is measured at the lower of cost or net realizable value. Adjustments are made to reduce the cost of goods to their net realizable value based on estimates reviewed each fiscal period, if necessary. The company's management estimates the amount of slow-moving inventory. Factors affecting these inventory value adjustments include changes in demand and physical deterioration.

- **Employee benefit obligations:**

Defined employee benefit obligations are determined using actuarial valuation, which requires estimating various inputs.

- **Useful lives and residual values of property, plant and equipment, and intangible assets:**

The useful lives and residual values of property, plant, and equipment, and intangible assets are estimated for the purpose of calculating depreciation and amortization, respectively. These estimates are prepared based on the expected usage of the assets. Residual values are determined based on past experience and observable data whenever possible.

In applying the company's accounting policies, management has made the following significant judgments and estimates for the financial statements:

- **Determine whether the company is acting as an agent or principal representative:**

The principles of International Financial Reporting Standard (15), Revenue from Contracts with Customers, are applied by identifying each distinct good or service promised to the customer in the contract and assessing whether the company obtains control of the specified good or service before transferring it to the customer. This assessment requires significant judgments based on specific facts and circumstances.

- **Significant judgments in determining the lease term for contracts that include renewal options:**

The company determines the lease term as the non-cancellable period of the lease, together with any periods covered by a lease extension option if it is reasonably certain that this right will be exercised, or any periods covered by a lease termination option if it is reasonably certain that this right will not be exercised.

- **Significant judgments in applying International Financial Reporting Standard (IFRS) 15:**

  - **Determining the transaction price:**

    The company is required to determine the transaction price for each of its contracts with customers. When making such a judgment, the company assesses the impact of any variable consideration in the contract. In determining variable consideration, the company applies the "most likely amount" method, where the transaction price is determined based on the amount most likely within the range of possible consideration amounts.

  - **Determining the timing of fulfilling obligations**

    The company has concluded that revenue from goods and other services should be recognized over time because the customer simultaneously receives and consumes the benefits provided by the company. Revenue from the production and sale of goods is recognized at a point in time because the customer does not simultaneously receive and consume the benefits provided by the company. In practice, the company records revenue upon delivery of the goods. The transfer of control over the goods is considered satisfied when the goods are delivered to customers, at which point the risks of defects and loss are transferred to the customer.

  - **Determining whether the company acts as an exporter or agent**

    The principles of International Financial Reporting Standard (IFRS) 15, Revenue from Contracts with Customers, are applied by identifying each distinct good or service promised to the customer in the contract and assessing whether the company retains control over the specified good or service before transferring it to the customer. This assessment requires significant judgment based on specific facts and circumstances.

7-5 Summary of Significant Accounting Policies

The accounting policies applied in these financial statements are in accordance with the International Financial Reporting Standards (IFRS) adopted by the Saudi Organization for Chartered and Professional Accountants and approved in the Kingdom of Saudi Arabia, as well as other standards and interpretations issued by Saudi Organization for Chartered and Professional Accountants.

7-5-1 New Standards, Amendments to Standards, and Interpretations

The company has not adopted any new standards, interpretations, or amendments that became effective from 1 January 2025G, as explained in the company's annual financial statements, since they do not have a material impact on the company's condensed interim financial statements.

Standards issued but not yet implemented

International Financial Reporting Standard (IFRS) 18 "Presentation and Disclosure in Financial Statements"

The new standard on presentation and disclosure in financial statements focuses on updates to the statement of profit or loss. This standard is effective for annual reporting periods beginning on or after 1 January 2027G, with early application permitted. The key new concepts introduced in International Financial Reporting Standard (IFRS) 18 include the following:

- Statement of profit or loss structure;
- Required disclosures in the financial statements for certain profit or loss performance measures reported outside the entity's financial statements (i.e., management-defined performance measures); and
- Enhanced principles of aggregation and classification applicable to the primary financial statements and notes in general.

7-5-2 Financial Statement Report Date

The financial statements include the company's financial statements (referred to as "the Company"). The Company's fiscal year begins on 1 January and ends on 31 December of the same year.

7-5-3 Property m Plant and Equipment

7-5-3-1 Recognition and Measurement

- Owned property, plant, and equipment used for production, supply of goods or services, or for administrative purposes are carried at cost after deducting accumulated depreciation and/or accumulated impairment losses, if any. Land is carried at cost and is not depreciated.
- The cost includes the cost of replacing parts of property, plant, and equipment. When significant parts of property, plant, and equipment are required to be replaced periodically, the company recognizes these parts as individual assets with specific useful lives, which are depreciated accordingly. All other repair and maintenance costs are recognized in the income statement as period expenses when incurred.
- Property under construction for production, supply, or administrative purposes is carried at cost less any recognized impairment losses. The cost includes professional fees, and, for qualifying assets, borrowing costs are capitalized. These properties are classified into the appropriate category of property, plant, and equipment when completed and ready for their intended use.

7-5-3-2 Derecognition

An item of property, plant, and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from the derecognition of an asset (calculated as the difference between the net proceeds from sale and the carrying amount of the asset) are included in the statement of profit or loss and other comprehensive income when the asset is derecognized.

The residual values, useful lives, and depreciation methods of property, plant, and equipment are reviewed at the end of each financial year and adjusted prospectively, if appropriate.

7-5-3-3 Subsequent Acquisition Costs

The cost of replacing a component of property and equipment is recognized in the carrying amount of the item when it is probable that future economic benefits will flow to the company and the cost can be measured reliably, and the carrying amount of the replaced component is derecognized. The cost of day-to-day servicing of property and equipment is recognized in the statement of profit or loss when incurred.

7-5-3-4 Depreciation

- Depreciation of these assets begins when the assets are ready for their intended use.
- Depreciation is recognized in the statement of profit or loss using the fixed installment method over the estimated useful life of each component of property and equipment. Depreciation methods, useful lives, and residual values are reviewed at each financial reporting date and adjusted when appropriate. Depreciation of an asset ceases when the asset is classified as held for sale or derecognized, whichever occurs first.
- Depreciation is calculated on a fixed installment basis over the estimated useful lives of the assets at the following annual rates:

Table (62): Depreciation on a fixed installment Basis Over the Estimated Useful Lives of Assets at Annual Rates

Item Description	Depreciation Rate
Buildings and Constructions	3% - 5%
Machinery and Equipment	5% - 15%
Injection Molds	10%
Office Equipment	10% - 20%
Security Devices	5%
Furniture and Fixtures	10% - 20%
Office Equipment	15%
Vehicles	25%

- Ordinary maintenance and repair expenses that do not significantly extend the estimated useful life of an asset are charged to the statement of profit or loss as incurred. Major renovations and improvements, if any, are capitalized, and replaced assets are derecognized.

7-5-4 Intangible Assets

Intangible assets are measured at cost minus accumulated amortization and accumulated impairment losses (if any).

Intangible assets are amortized on a fixed installment basis over their useful economic life at a rate of 10%.

Subsequent expenditures are capitalized only when it is probable that the future economic benefits associated with the expenditures will flow to the group, and the cost of such expenditures can be measured reliably.

The residual values, useful lives, and impairment indicators of intangible assets are reviewed at the end of each financial year and adjusted prospectively when necessary.

7-5-5 Lease Contracts

7-5-5-1 Right-of-Use Assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the asset is available for use).

Right-of-use assets are recognized at cost, minus accumulated depreciation and impairment losses, and are adjusted for any remeasurement of lease liabilities.

The cost of a right-of-use asset includes the amount of lease liabilities recognized, along with any initial direct costs incurred and lease payments made at or before the commencement date, minus any lease incentives received. If the company is not reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use asset is depreciated on a fixed installment basis over the shorter of the asset's useful life or the lease term. Right-of-use assets are also subject to impairment testing.

7-5-5-2 Lease Liabilities

At the commencement date of the lease, the company recognizes lease liabilities at the present value of the lease payments that are due over the lease term. Lease payments include fixed payments (including those that are, in substance, fixed lease payments) minus any lease incentives receivable, variable lease payments that depend on an index or rate as specified in the lease contract, and amounts expected to be payable under residual value guarantees.

Lease payments also include the amounts payable upon exercising a purchase option that the company is reasonably certain to exercise, as well as penalties for terminating the lease if the company intends to exercise the termination option under the terms of the contract.

Variable lease payments that depend on indices or rates agreed upon in the contract are recognized as expenses in the period in which the event or condition that triggers those payments occurs.

When calculating the present value of lease payments, the Company uses the borrowing rate at the commencement date of the lease to deduct future lease payments if the implicit interest rate in the lease cannot be readily determined. Subsequently, lease liabilities are increased by the accrued interest and reduced by actual lease payments. In addition, the carrying amount of lease liabilities is remeasured if there is any modification or change in the lease term, or if there is a change in the payments that are, in substance, fixed lease payments, or if there is a reassessment related to the purchase of the asset.

The key assumptions used for the purpose of calculating the present value of lease payments were as follows:

The deduct rate for cash flows	7.43%

7-5-5-3 Short-term leases

The Company applies the recognition exemption for short-term leases to certain short-term lease contracts (i.e., leases with a term of 12 months or less from the commencement date and that do not contain a purchase option). The Company also applies the exemption for leases of low-value assets to certain leases of assets classified as low value. Lease payments for short-term leases and leases of low-value assets are recognized as expenses on a fixed installment basis over the lease term.

7-5-5-4 Significant provisions in determining the lease term for contracts that include renewal options

When determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or, in the case of a termination option, the lease term includes the extension option (or periods following termination options) is included in the lease term only if the lease is reasonably certain to be terminated (or has not yet been terminated). At the commencement of the lease, the Company assesses whether it is reasonably certain that the extension option will be exercised. The Company reassesses whether it is reasonably certain to exercise the options if there is a significant event or a major change in circumstances within its control.

7-5-5-5 The Company as Lessor

When the Company is a lessor, it determines at the commencement of the lease whether each lease is a finance lease or an operating lease.

For the classification of each lease, the Company makes a comprehensive assessment of whether the lease transfers substantially all the risks and benefits incidental to ownership of the underlying asset. If this is the case, the lease is classified as a finance lease; otherwise, it is an operating lease. As part of this assessment, the Company considers certain indicators, such as whether the lease term constitutes the major part of the economic life of the asset.

For a contract that contains a lease component along with one or more non-lease components, the lessor shall allocate the consideration in the contract by applying IFRS 15.

The company recognizes lease payments received under operating lease contracts as income on a fixed installment basis over the lease term in the statement of profit or loss.

7-5-6 Projects under construction

The cost of capital work in progress consists of the contract value and costs directly attributable to developing and preparing project assets to the location and condition necessary for them to operate for the purpose for which they were acquired. The costs of projects under construction are transferred to categories of tangible and intangible non-current assets when they reach an operational state and are available for use. The carrying amount of projects under construction is reviewed to determine whether there is any impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. In such a case, and when the carrying amount exceeds the estimated recoverable amount, the assets are written down to their recoverable amount.

7-5-7 Impairment of Non-Financial Assets

Assets subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized in the income statement for the amount by which the carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. In estimating value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Previously recognized impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

7-5-8 Inventory

Inventory is measured at the lower of cost or net realizable value, with cost determined using the weighted average method. Net realizable value represents the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. The cost of finished goods and work-in-progress includes raw materials, direct labor, other direct costs, and relevant production overheads. Inventory is presented net of a provision for obsolete stock (which is calculated after conducting a study of the entire inventory components).

7-5-8-1 Inventory value impairment

Management creates a provision for obsolete and slow-moving inventory. Estimates of the net realizable value of inventory are based on the most reliable evidence available at the time the estimates are made. These estimates take into account fluctuations in prices or costs directly related to events occurring after the statement of financial position date, to the extent that such events confirm conditions existing at year-end.

7-5-9 Cash and its Equivalents

Cash and its equivalents include cash at banks, cash on hand, and other short-term deposits with original maturities of three months or less from the acquisition date, which are subject to insignificant risk of changes in value.

7-5-10 Trade receivables

Trade receivables are shown at the original invoice amount minus an allowance for doubtful accounts. An allowance for doubtful trade receivables is estimated by applying the simplified approach for expected credit losses under IFRS 9, which permits the use of a lifetime expected loss allowance for all trade receivables. To measure expected credit losses, trade receivables are grouped based on shared credit risk characteristics and days past due. In addition, expected credit losses also incorporate forward-looking information.

7-5-11 Trade payables

Liabilities for amounts payable in the future for goods or services received, whether or not invoiced by suppliers, are recognized.

7-5-12 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction, or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of that asset.

All other borrowing costs are recognized as expenses in the period in which they are incurred. Borrowing costs consist of interest and other costs incurred by the entity in connection with borrowing funds.

7-5-13 Interest on Loans

All term loans are initially recognized at the fair value of the consideration received plus directly attributable transaction costs. Subsequently, interest-bearing term loans are measured at amortized cost using the prevailing interest rate method. Loan arrangement fees are recognized as part of the loan's transaction cost to the extent that it is probable that some or all of the facilities will be drawn.

7-5-14 Financial Assets

7-5-14-1 Initial Recognition and Measurement

Financial assets are initially recognized at fair value plus transaction costs directly attributable to the acquisition of the financial asset, in the case of financial assets not measured at fair value through profit or loss.

7-5-14-2 Subsequent Measurement

Financial assets are subsequently measured at fair value through profit or loss, at amortized cost, or at fair value through other comprehensive income. The classification depends on two criteria: the entity's business model for managing the assets and whether the contractual cash flows of the instruments represent "solely payments of principal and interest" on the outstanding principal amount (Exclusive payments standard of principal and interest).

7-5-14-3 Financial Assets Measured at Amortized Cost

This category is the most significant for the company. The company measures financial assets at amortized cost when they are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows that meet the exclusive payments standard of principal and interest. This category includes trade receivables, other receivables of the company, and loans included under other non-current financial assets.

7-5-14-4 Derecognition

Financial assets (or, where applicable, a part of a financial asset or part of a group of similar financial assets) are derecognized (i.e., removed from the company's statement of financial position) primarily when:

- The rights to receive cash flows from the asset have expired; or
- The company has transferred its rights to receive the cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to another party under "pass-through" arrangements, when:
  - A. The company has substantially transferred all the risks and benefits related to the asset.
  - B. Or, the company has neither transferred nor retained substantially all the risks and benefits related to the asset, but has transferred control of the asset.

When the company transfers its rights to receive cash flows from the asset or enters into a pass-through arrangement, it assesses whether it has retained the risks and benefits of ownership and to what extent. If the company neither substantially transfers nor retains the risks and benefits of the asset, or transfers its control over the asset, it continues to recognize the transferred asset to the extent of its continuing involvement. In such cases, the company also recognizes the associated liability. The transferred asset and the related liability are measured based on the rights and obligations retained by the company. Continuing involvement in the form of a guarantee over the transferred asset is measured at the lower of the asset's carrying amount or the maximum amount the company could be required to pay.

7-5-14-1 Impairment of Financial Assets

International Financial Reporting Standard (IFRS) (9) requires the company to recognize an allowance for expected credit losses for all loans and other receivable financial assets not measured at fair value through profit or loss.

Expected credit losses are calculated based on the difference between the contractual cash flows due under the agreement and all cash flows the company expects to collect, deducted at the asset's original effective interest rate.

For trade receivables and other receivables, the company has applied the simplified approach and calculated expected credit losses over the asset's lifetime. The company maintains an allowance schedule based on its historical experience of credit losses, adjusted for forward-looking factors specific to debtors and the economic environment.

For other receivable financial assets, expected credit losses are calculated based on 12-month expected credit losses. The 12-month expected credit loss represents the portion of the lifetime expected credit loss that arises from default events on a financial instrument that are possible within 12 months after the date of the financial statements.

However, if there is a significant increase in credit risk since initial recognition, the allowance is measured based on the expected credit loss over the asset's lifetime.

7-5-15 Financial Liabilities

7-5-15-1 Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, or as loans and borrowings, or as payables, as appropriate. All financial liabilities are initially recognized at fair value; in the case of loans and borrowings and payables, they are recognized net of directly attributable transaction costs.

The company's financial liabilities include trade payables, other payables, and loans.

7-5-15-2 Subsequent Measurement

Financial liabilities are subsequently measured at amortized cost.

7-5-15-3 Derecognition

Financial liabilities are derecognized when the obligation is settled, canceled, or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, the change or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in carrying amounts is recognized in the statement of profit or loss and other comprehensive income.

7-5-15-4 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset, and the net amounts are presented in the statement of financial position when there is a currently enforceable legal right to set off the recognized amounts, and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

7-5-15-5 Contingent Liabilities

Contingent liabilities are disclosed when the company has a possible obligation arising from a past event whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the company's control, or when the company has a present legal or constructive obligation arising from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured reliably.

7-5-15-6 Impairment of Non-Financial Assets

The Company assesses at each reporting date whether there is any indication that non-financial assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those of other assets or groups of assets. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

To estimate value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation method is used. These calculations are verified using valuation multiples, quoted stock prices for publicly traded entities, or other available fair value indicators.

Impairment losses from continuing operations are recognized in profit or loss within expense categories consistent with the function of the impaired assets.

For assets other than goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or have decreased. If any such indication exists, the Company estimates the recoverable amount of the asset or cash-generating unit. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. Any reversal is limited so that the asset's carrying amount does not exceed its recoverable amount or exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. Impaired non-financial assets other than goodwill are reviewed for possible reversal of the impairment at the end of each reporting period.

7-5-16 Fair Value Measurement

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, regardless of whether that price is directly observable or estimated using another valuation technique. When estimating the fair value of assets or liabilities, the company considers the characteristics of the assets or liabilities if market participants would take those characteristics into account when pricing the assets or liabilities at the measurement date. Fair value is determined for measurement or disclosure purposes, or both, in these financial statements on this basis, except for share-based payment transactions within the scope of IFRS (2), lease transactions within the scope of IAS (17), and measurements that have some similarities to fair value but are not fair value, such as net realizable value under IAS (2) or the value used in IAS (36).

Additionally, for financial reporting purposes, fair value measurements are classified into Level 1, Level 2, or Level 3 based on the observability of inputs to the fair value measurements and the significance of those inputs to the overall fair value measurement, as described below:

- Level 1 inputs are (unadjusted) quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs—other than quoted prices included within Level 1—that are observable for the assets or liabilities, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the assets or liabilities.

7-5-17 Provisions

Provisions are recognized when the company has a present (legal or constructive) obligation arising from a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the obligation amount can be made. When the group expects to recover some or all of a provision, for example under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. Expenses relating to any provision are presented in the statement of profit or loss net of any reimbursements.

7-5-18 Employee Benefits

The company's employee benefits include monthly contributions to the General Organization for Social Insurance and an end-of-service gratuity program in accordance with the requirements of regulations in the Kingdom of Saudi Arabia.

7-5-19 General Organization for Social Insurance

Monthly contributions to the General Organization for Social Insurance (an independent entity) are classified as a defined contribution plan. The company recognizes its share of the fixed contributions to the General Organization for Social Insurance each month as an expense. The company has no legal or constructive obligation to pay any additional contributions, and its only obligation is to pay the contributions as they fall due.

7-5-20 Defined Employee Benefit Obligations

The company's end-of-service gratuity program is classified as a defined benefit plan. This plan is unfunded, and the recognized obligation in the statement of financial position related to the defined benefit end-of-service program represents the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from actuarial assumptions are recognized in other comprehensive income in the period in which they occur. Past service costs, current service costs, and net interest are recognized immediately in the statement of profit or loss.

7-5-21 Revenue from Contracts with Customers

Revenue from sales is recognized when goods are delivered and services are provided to customers. Revenue from the sale of goods is recognized based on a five-step model as specified in International Financial Reporting Standard 15:

Table (63): Recognition of revenue from the sale of goods based on the five-step model specified in IFRS 15.

Step 1: Identify the contract with the customer	A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and specifies the terms that must be fulfilled for each contract.
Step 2: Identify the performance obligations	A performance obligation is a contract with a customer to transfer a good or service to the customer.
Step 3: Determine the selling price	The transaction price is the amount of consideration that the group expects to be entitled to in exchange for transferring the promised goods or services to the customer, excluding amounts collected on behalf of other parties.
Step 4: Allocate the transaction price	For a contract that contains more than one performance obligation, the group allocates the transaction price to each performance obligation based on the amount of consideration the company expects to be entitled to fulfill each performance obligation.
Step 5: Revenue recognition	The company recognizes revenue when (or as) it satisfies a performance obligation by transferring the goods or services promised to the customer under the contract.

7-5-21-1 Identifying the Contract with the Customer

The company carefully evaluates the terms and conditions of its contracts with customers because revenue is recognized only when performance obligations in the contracts with customers are satisfied. A change in the scope or price of the contract (or both) is considered a contract modification, and the company determines whether this change should be treated as a new contract or accounted for as part of the existing contract.

7-5-21-2 Identifying Performance Obligations

Once the company has identified the contract with the customer, it assesses the contractual terms and customary business practices to identify all services agreed upon in the contract and determine which of those agreed services (or bundles of agreed services) will be treated as separate performance obligations.

7-5-21-3 Determining the Transaction Price

The company determines the transaction price as the amount it expects to be entitled to. This includes an estimate of any variable consideration and the effect of a significant financing component (i.e., the time value of money), the fair value of any non-cash consideration, and the effect of any consideration payable or receivable from a customer (if any). Variable consideration is limited to the amount for which it is highly probable that a significant reversal in the cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The amount of consideration is determined based on the transaction price agreed with customers, and there are no other promises in the customer contract that are identified as separate performance obligations requiring allocation of a portion of the transaction price. When determining the transaction price for services, the company considered the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any) and concluded that no such considerations are included in the transaction price.

Contract modifications, such as change orders, are accounted for as part of the existing contract, with a cumulative adjustment to revenue. For significant contract modifications, a separate contract may be recognized based on management's assessment of the following factors:

- The scope of the contract increases due to the addition of distinct promised goods or services.
- The contract price increases by an amount reflecting the company's selling prices for the additional promised goods or services, with any appropriate adjustments to that price to reflect the contract conditions.

There were no significant contract modifications during the financial year ended on 31 December 2024G.

7-5-21-4 Allocating the Transaction Price

Once performance obligations and the transaction price are identified, the transaction price is allocated to the performance obligations, typically in proportion to their standalone selling prices (i.e., on a relative standalone selling price basis). When determining standalone selling prices, the company uses observable information, if available. If standalone selling prices are not directly observable, the company uses estimates based on reasonably available information.

7-5-21-5 Revenue Recognition

The company recognizes revenue in accordance with the terms and conditions of contracts with customers to the extent that the company satisfies the performance obligations related to the customer contracts.

7-5-22 Zakat and tax

7-5-22-1 Zakat

The company in the Kingdom of Saudi Arabia is subject to Zakat in accordance with the regulations issued by the Zakat, Tax, and Customs Authority ("the Authority"). The Zakat provision is calculated based on the Zakat base, with Zakat imposed at a fixed rate of 2.5% of the adjusted Zakatable income or the Zakat base, whichever is higher. Management establishes appropriate provisions based on the amounts expected to be paid to the Authority and conducts periodic assessments of the Zakat filings in case of any differences. Additional Zakat liabilities, if any, relating to assessments for prior years issued by the Authority, are recognized in the periods in which the assessments arise based on management's estimates of the provision required to cover the potential obligation. The Zakat provision is recorded in the statement of profit or loss.

7-5-22-2 Value Added Tax (VAT)

Revenues, expenses, and assets are recognized net of Value Added Tax (VAT), except in the following cases:

- If VAT is payable on the acquisition of assets or services that is not recoverable from the tax authority, in which case VAT is recognized as part of the cost of the purchased assets or as part of the expense item, as applicable.
- Accounts receivable and accounts payable are presented including the amount of VAT.

The net VAT recoverable from or payable to the tax authority is included in other receivables or other payables in the statement of financial position.

7-5-23 Segment Reports

7-5-23-1 Business Segment

A business segment is a group of assets and operations or establishments that:

- Engage in activities that generate revenue.
- Are continuously analyzed by management to make decisions regarding resource allocation and performance assessment.
- Have financial information available separately.

7-5-23-2 Geographical Segment

A geographical segment is a group of assets, operations, or establishments that engage in revenue-generating activities in a specific economic environment and are subject to risks and returns different from those operating in other economic environments.

7-5-24 Foreign Currency Transactions

Foreign currency transactions are translated into Saudi Riyals at the exchange rate prevailing on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into Saudi Riyals using the exchange rates prevailing at the reporting date. Exchange differences arising on the settlement or translation of monetary items are recognized in profit or loss.

Non-monetary items measured at historical cost in a foreign currency are translated using the exchange rates prevailing at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates prevailing at the date the fair value is determined. Gains or losses arising from the translation of non-monetary items measured at fair value are recognized consistently with the recognition of gains or losses from changes in the fair value of the item.

7-5-25 Expenses

Cost of sales represents all expenses directly or indirectly associated with the company's core production activities.

Selling and distribution expenses are those incurred from the company's marketing efforts. All other expenses are classified as administrative expenses. Shared expenses are allocated, when necessary, among cost of sales, selling and distribution expenses, and administrative expenses on a reasonable basis that reflects the nature and circumstances of the shared costs.

7-5-26 Current versus Non-current Classification

The Company presents its assets and liabilities in the statement of financial position based on current and non-current classification.

An asset is classified as current when:

- It is expected to be realized, sold, or consumed in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is expected to be realized within 12 months after the reporting period, or
- It is cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current assets.

A liability is classified as current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within 12 months after the reporting period; or
- There is no unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

All other liabilities are classified as non-current.

7-5-27 Transactions with Related Parties

Disclosure has been made regarding commercial transactions between parties identified as related parties in accordance with International Accounting Standard No. (24) – Related Party Disclosures, as endorsed by the Saudi Organization for Chartered and Professional Accountants.

7-5-28 Subsequent Event after the Date of the Financial Statements

All significant events occurring after the reporting date of the statement of financial position are, where appropriate, recognized as adjustments or disclosures in the relevant notes to the financial statements.

7-6 Statement of Profit or Loss and Other Comprehensive Income

The following table shows the statement of profit and loss and other comprehensive income for the years 2022G, 2023G, 2024G, the first half of 2024G, and the first half of 2025G:

Table (64): Statement of profit and loss and other comprehensive income for the years 2022G, 2023G, 2024G, the first half of 2024G, and the first half of 2025G:

Saudi Riyals	Fiscal Year 2022G	Fiscal Year 2023G	↑↓	Fiscal Year 2024G	↑↓	First Half 2024G	First Half 2025G	↑↓
Revenue	386,590,734	446,004,137	15.4%	460,105,865	3.2%	220,070,262	223,309,751	1.5%
Cost of Revenue	(288,702,752)	(338,065,675)	17.1%	(336,450,375)	(0.5%)	(160,867,526)	(167,871,619)	4.4%
Gross Profit	**97,887,982**	**107,938,462**	**10.3%**	**123,655,490**	**14.6%**	**59,202,736**	**55,438,132**	**(6.4%)**
Selling and Distribution Expenses	(41,017,556)	(43,446,019)	5.9%	(53,432,367)	23.0%	(26,149,171)	(24,093,314)	(7.9%)
General and Administrative Expenses	(17,428,666)	(19,798,164)	13.6%	(22,591,938)	14.1%	(10,876,993)	(10,611,169)	(2.4%)
Impairment of Trade Receivables	-	(2,644,095)	100.0%	(11,562,980)	337.3%	(3,772,395)	(376,168)	(90.0%)
Inventory value impairment	-	-	0.00%	-	0.00%	-	(697,482)	100.0%
Impairment of Other Receivables	-	-	0.00%	-	0.00%	-	(238,982)	100.0%
Operating Profit	**39,441,760**	**42,050,184**	**6.6%**	**36,068,205**	**(14.2%)**	**18,404,177**	**19,421,017**	**5.5%**
Finance Cost	(625,616)	(1,251,160)	100.0%	(485,719)	(61.2%)	(208,996)	(871,872)	317.2%
Profits on Sale of Investment in a Subsidiary	-	-	0.0%	9,646,962	100.0%	9,646,962	-	(100.0%)
Other Income	221,638	326,966	47.5%	190,368	(41.8%)	-	1,222,516	100.0%
Profit Before Zakat	**39,037,782**	**41,125,990**	**5.3%**	**45,419,816**	**10.4%**	**27,842,143**	**19,771,661**	**(29.0%)**
Zakat	(6,771,118)	(7,537,035)	11.3%	(6,282,985)	(16.6%)	(3,500,000)	(2,928,210)	(16.3%)
Profit for the Year / Period	**32,266,664**	**33,588,955**	**4.1%**	**39,136,831**	**16.5%**	**24,342,143**	**16,843,451**	**(30.8%)**

Saudi Riyals	Fiscal Year 2022G	Fiscal Year 2023G	↑↓	Fiscal Year 2024G	↑↓	First Half 2024G	First Half 2025G	↑↓
Other Comprehensive Income:								
Items that Will Not Be Reclassified to Profit or Loss								
Loss on Remeasurement of Employees' End-of-Service Benefits	137,239	(953,757)	(795.0%)	(471,632)	(50.6%)	-	-	0.0%
Other Comprehensive Income / (Loss) for the Year / Period	**137,239**	**(953,757)**	**(795.0%)**	**(471,632)**	**(50.6%)**	**-**	**-**	**0.0%**
Total Comprehensive Income for the Year / Period	**32,403,903**	**32,635,198**	**0.7%**	**38,665,199**	**18.5%**	**24,342,143**	**16,843,451**	**(30.8%)**

Source: The Company's audited financial statements and management information

7-6-1 Revenue

Alwasail Company produces plastic (polyethylene) pipes in various sizes and lengths for irrigation networks, drinking water, sewage, gas, electrical conduits, and communication ducts. It also complements pipe production with a diverse program of pipe fittings and irrigation accessories.

The Saudi Company for Rubber Products manufactures rubber rings and seals for joints. It has recently launched foam rubber production lines, producing insulating pipes and flat sheets for air conditioning pipes and ducts. The Company owns the following main production lines, which are converted into thousands of end-user products:

High-density polyethylene pipes and low-density polyethylene pipes of all sizes up to 1600 mm are used in water networks, firefighting, gas, sewage, irrigation, electrical conduits, and communication ducts.

Pipelining in all grades and materials to meet customer applications, including high-temperature and chemical-resistant applications.:

- High-density polyethylene pipes and low-density polyethylene pipes of all sizes up to 1600 mm are used in water networks, firefighting, gas, sewage, irrigation, electrical conduits, and communication ducts.
- Pipelining in all grades and materials to meet customer applications, including high-temperature and chemical-resistant applications.
- Corrugated pipes, mainly used as sewage and ducts for electrical and communication applications.
- Fittings and accessories for pipelines, irrigation systems, and industrial uses.
- Lining installation services in cooperation with its lining installation partners.
- Rubber and foam insulation for pipes and ducts.

The Company also sells its products shaped or compressed into smaller pipes known as crushed products.

The Company operates 23 branches within the Kingdom, in addition to two branches in the United Arab Emirates (Dubai) and the Sultanate of Oman (Muscat). The branches are supported by a central warehouse and a transportation department that manages the Company's own fleet of trucks, providing direct delivery to its branches and customers. The Company targets the main markets and business activities related to its products:

- Irrigation
- Water
- Telecommunications
- Electricity
- Industry
- Oil and Gas
- Stormwater Drainage and Wastewater
- Infrastructure Works
- After-Sales Services

The Company sells its products on credit as well as for cash and also provides complementary services such as installation and preparation, among others. The Company also records transportation revenues (both local and international), which are recognized under other income.

The following table shows the details of the Company's revenues during the years 2022G, 2023G, 2024G, the first half of 2024G, and the first half of 2025G:

Table (65): Details of the Company's revenues during the years 2022G, 2023G, 2024G, the first half of 2024G, and the first half of 2025G:

Saudi Riyals	Fiscal Year 2022G	Fiscal Year 2023G	↑↓	Fiscal Year 2024G	↑↓	First Half 2024G	First Half 2025G	↑↓
Revenue	387,303,969	446,353,844	15.2%	460,655,990	3.2%	220,237,647	223,378,786	1.4%
Deduct: Discounts	(713,235)	(349,707)	(51.0%)	(550,126)	57.3%	(167,385)	(69,035)	(58.8%)
Net Revenues	**386,590,734**	**446,004,137**	**15.4%**	**460,105,865**	**3.2%**	**220,070,262**	**223,309,751**	**1.5%**

Source: Management Information

- The company recorded significant revenue growth of 15.4% in the fiscal year 2023G however revenue growth slowed in the fiscal year 2024G to 3.2% mainly due to a decline in total sales this decline is largely attributed to weak performance in the northern region and a significant drop in export sales notably sales from the UAE decreased by 68.0% while sales from the Hail branch in the northern region fell by 34.0%.
- Historically the company relied on three main branches Riyadh, Dammam and Jeddah for a large portion of its sales in the fiscal year 2022G these branches contributed 33.2% of total revenue with Riyadh accounting for 12.8% Dammam 13.2% and Jeddah 7.2%.
- This reliance increased in the fiscal year 2023G with combined revenue from these branches rising to 44.1% of total sales however in the fiscal year 2024G the composition shifted slightly with the contribution of these three branches decreasing to 42.5%.
- In the first half of 2025G the company's revenue increased slightly by 1.5% compared to the first half of 2024G the company observed a noticeable decrease in sales in the eastern and southern regions however the increase in revenue from the northern region limited this effect the following section provides a detailed analysis of sales performance by geographic region.

The following table shows the analysis of the company's revenue by geographic region for the years 2022G, 2023G, 2024G, the first half of 2024G, and the first half of 2025G:

Table (66): The analysis of the company's revenue by geographic region for the years 2022G, 2023G, 2024G, the first half of 2024G, and the first half of 2025G

Saudi Riyals	Fiscal Year 2022G	Branches	Fiscal Year 2023G	↑↓	Branches	Fiscal Year 2024G	↑↓	Branches	First Half 2024G	Branches	First Half 2025G	↑↓	Branches
Central Region	194,193,150	8	190,506,124	(1.9%)	8	191,190,596	0.4%	8	81,584,319	8	94,842,413	16.3%	8
Eastern Region	58,602,178	3	97,672,406	66.7 %	3	90,762,717	(7.1%)	3	53,304,345	3	46,948,131	(11.9%)	3
Western Region	43,986,085	5	60,199,758	36.9%	5	85,734,735	42.4%	5	41,356,310	5	40,728,924	(1.5%)	5
Northern Region	26,969,603	3	36,335,749	34.7%	3	19,665,180	(45.9%)	3	11,287,746	3	13,739,029	21.7%	3
Southern Region	23,862,917	4	31,268,533	31.0%	4	53,684,120	71.7%	4	24,079,511	4	21,355,022	(11.3%)	4
Export	38,976,801	2	30,021,566	(23.0%)	2	19,068,517	(36.5%)	2	8,458,031	2	5,696,231	(32.7%)	2
Total	**386,590,734**	**25**	**446,004,137**	**15.4%**	**25**	**460,105,865**	**3.2%**	**25**	**220,070,262**	**25**	**223,309,751**	**1.5%**	**25**

Source: The Company's Audited and Condensed Interim Financial Statements and Management Information

- The table above shows sales performance across different geographic regions. The Central region maintained its leading position in revenues in the 2022G financial year, with a noticeable increase in sales. However, this trend reversed in the 2023G financial year, with a decline in sales. In the 2024G financial year, Central region revenues grew slightly by only 0.4% compared to the previous year. During the first half of 2025G, the Central region's share of total revenues increased from 37.1% to 42.5%, with total revenues of 94.8 million Saudi Riyals.
- The central region's share of total revenues decreased from 50.2% in the 2022G financial year to 42.7% in 2023G, then to 41.6% in 2024G, reflecting the company's increasing reliance on other regions for sales. During the first half of 2025G, the Central region's share increased from 37.1% to 41.9%, with total revenues of 93 million Saudi Riyals.
- The Eastern region, in particular, showed continuous improvement, contributing 15.2% in 2022G and rising to 21.9% in 2023G. Although its share slightly decreased to 19.7% in 2024G, the region still plays an increasingly important role in the company's overall performance. It is worth noting that the Central region includes a virtual branch (Virgin), that facilitates direct sales from the factory based on available crusher quantities.
- In the 2024G financial year, sales of crushers scrap from this branch declined significantly by 55.5% compared to 2023G. This decline is mainly due to limited availability of crushed materials. In some cases, when materials were unavailable for sale, they were redirected back to the production cycle instead of being sold.
- During the first half of 2025G, the regions showed mixed performance, with revenues from the Eastern and Southern regions declining significantly, partially offset by increased revenues from the Northern and Central regions. Export revenues fell by 32.7% during the first half of 2025G.
- The company assigned the UAE branch to operate as an independent branch, and therefore no direct revenues were generated from the UAE branch. Accordingly, a customer account was created, and all branch balances and related activities were transferred to this customer account.

The following table shows the revenue share for each product type for the years 2022G, 2023G, 2024G, the first half of 2024G and the first half of 2025G:

Table (67): The revenue share for each product type for the years 2022G, 2023G, 2024G, the first half of 2024G and the first half of 2025G

Product Type	Fiscal Year 2022G	%	Fiscal Year 2023G	%	↑↓	Fiscal Year 2024G	%	↑↓	First Half 2024G	%	First Half 2025G	%	↑↓
Pipes	236,337,433	61.1%	319,481,632	71.6%	35.2%	337,867,089	73.4%	5.8%	164,243,115	74.6%	175,307,496	78.5%	6.7%
Fittings	56,537,045	14.6%	67,365,580	15.1%	19.2%	75,329,749	16.4%	11.8%	32,651,004	14.8%	22,253,861	10.0%	(31.8%)
Others	60,325,054	15.6%	21,980,900	4.9%	(63.6%)	11,290,588	2.5%	(48.6%)	5,035,906	2.3%	8,671,015	3.9%	72.2%
Rubber	14,811,285	3.8%	16,908,405	3.8%	14.2%	16,613,792	3.6%	(1.7%)	9,139,243	4.2%	8,035,117	3.6%	(12.1%)
Electrical	10,383,431	2.7%	6,550,085	1.5%	(36.9%)	5,149,306	1.1%	(21.4%)	2,600,627	1.2%	2,382,492	1.1%	(8.4%)
Imports	8,196,485	2.1%	13,717,535	3.1%	67.4%	13,855,341	3.0%	1.0%	6,400,367	2.9%	6,659,770	3.0%	4.1%
Total	**386,590,734**	**100.0%**	**446,004,137**	**100.0%**	**15.4%**	**460,105,865**	**100%**	**3.2%**	**220,070,262**	**100.0%**	**223,309,751**	**100.0%**	**1.5%**

Source: Management Information

- The company produces a diverse range of piping products, including irrigation pipes, portable water pipes, communication pipes and conduits, gas pipes, industrial pipes, and sewage drainage pipes. Its irrigation product portfolio also includes fittings, clamps, valve boxes, tools, and accessories designed for irrigation systems. Its major customers include farmers, orchard owners, and government ministries.
- During the review period, the revenue composition changed. Pipe revenues were the largest contributor, representing 61.1%–78.5% of total revenues during the review period. Pipes' contribution to total revenues increased to 78.5% during the first half of 2025G, compared to 74.6% during the first half of 2024G. During fiscal year 2023G, revenues increased by 35.2%, while their share increased to 71.6%. During fiscal year 2024G, revenues increased by 5.8%, bringing the total share to 73.4%. Pipe revenues increased by 6.7% during the first half of 2025G compared to the first half of 2024G. The company also expanded its production capacity to include new products intended for use in the upcoming NEOM project.
- The company also supplies fittings such as barbed fittings, compression fittings, electrofusion fittings, low-cost fittings, etc. These fittings are either butt-welded or electrofusion-welded for potable water systems. The company produces the widest range of potable water pipes and fittings in the Middle East and is an authorized vendor to major infrastructure agencies in Saudi Arabia.
- Revenue from connections contributed a significant portion of total revenue during the review period, ranging from 10.0% - 16.4%. During fiscal year 2024G, revenue increased by 11.8%, while its share also increased to 16.4%. During the transition period to the first half of 2025G, equipment revenue declined significantly by 31.8%, resulting in a 10% share in the first half of 2025G, compared to 14.8% in the first half of 2024G.
- Rubber revenues accounted for 3.8% of total revenues, increasing by 14.2%, but their share remained at 3.8%. During fiscal year 2024G, revenues decreased by 1.7%, while their share also decreased to 3.6%. During the first half of 2025G, rubber revenues accounted for only 4.0%. Revenues declined by 12.1% during the first half of 2025G, with their share declining to 3.6% of total revenues.
- The company also manufactures precision conduits of various sizes, corrugated pipes, and electrical products such as electrical boxes, recessed boxes, and cable clips.

- Other revenue includes revenue from crusher and regrinding sales. During fiscal year 2022G, other revenue accounted for 15.6% of total revenue, but it increased to 4.9% during fiscal year 2023G. During fiscal year 2024G, revenue declined significantly by 48.6%, and its share also decreased to 2.5%. In the first half of 2025G, the company saw a significant increase in revenue of 72.2%, driven by the Riyadh project.
- During fiscal year 2023G, the company experienced a decline in demand for regrind products, prompting it to recycle unsold quantities. Additionally, delayed deliveries of spare parts for machines used to process regrind further impacted production.
- In fiscal year 2024G, regrind product revenue decreased by 13.9 million Saudi Riyals, primarily due to a decrease in the amount of scrap rejected from the production process.
- In the Electrical Products category, the company manufactures items such as recessed boxes, round electrical boxes, Fisher plugs, cable clips, and electrical box covers. Revenue from this category decreased 36.9% in fiscal year 2023G, largely due to the transfer of production lines to another plant to support the launch of a new project. Following the completion of this project, electrical products revenue decreased 21.4% in fiscal year 2024G, primarily due to the downtime of a key production machine due to maintenance. During the first half of 2025G, electrical products revenue decreased 8.4% compared to the first half of 2024G, primarily due to the temporary suspension of deliveries during the transition to a new ERP system, which resulted in an operational outage of approximately 20 days. Additionally, the company conducted a two-day year-end inventory count, which further impacted shipping and sales activities during the half-year.
- Revenue from imported products increased significantly by 67.4% during fiscal year 2023G, driven by the municipality project implemented through the Hail branch, which concluded in early fiscal year 2024G. In fiscal year 2024G, import revenues grew slightly by 1.0%, mainly due to increased resale activity of imported equipment purchased from Oak. Revenue from imported products increased by 4.1% in the first half of 2025G, with their contribution to total revenues increasing slightly to 3.0% compared to 2.9% in the same period last year.
- In addition to local sales, the company exports its products to a number of Gulf countries, including Egypt, the United Arab Emirates, and the Sultanate of Oman.
- With the purchase of a new factory in the UAE during fiscal year 2022G, the company's revenue from the UAE market increased significantly, reaching 56.5% in fiscal year 2023G. The company's revenue from other Gulf countries also increased significantly due to the acquisition of new customers.

However, during fiscal year 2024G, revenues from the UAE declined significantly by 68.0% due to competition from Chinese importers, as well as the overall economic downturn in infrastructure projects in the UAE. The share also declined to 17.8% from 34.1%. Similarly, total export revenues to other countries declined by 38.8% during fiscal year 2024G. During the first half of 2025G, revenues from UAE customers increased significantly by 87.2%, with its share increasing to 90.8% from 32.7%

7-6-2 Cost of Revenue

The following table shows the details of the Company's cost of revenue for the years 2022G, 2023G, 2024G, the first half of 2024G and the first half of 2025G:

Table (68): Details of the Company's cost of revenue for the years 2022G, 2023G, 2024G, the first half of 2024G and the first half of 2025G:

Saudi Riyals	Fiscal Year 2022G	Fiscal Year 2023G	↑↓	Fiscal Year 2024G	↑↓	First Half 2024G	First Half 2025G	↑↓
Cost of materials	240,476,867	313,529,316	30.4%	303,103,303	(3.3%)	128,038,841	138,309,609	8.0%
Manufacturing expenses	21,968,125	2,823,630	(87.1%)	4,840,667	71.4%	22,690,891	14,024,152	(38.2%)
Salaries wages and related costs	26,257,760	21,712,729	(17.3%)	28,506,405	31.3%	10,137,794	15,537,858	53.3%
Total	**288,702,752**	**338,065,675**	**17.1%**	**336,450,375**	**(0.5%)**	**160,867,526**	**167,871,619**	**4.4%**

Source: Management Information

- The cost of sales mainly consists of the cost of materials, manufacturing expenses, and salaries and related costs. Over the years, the company has maintained a stable gross profit margin, ranging between 24.2% and 26.9%. Specifically, the gross profit margin was 25.3% in Fiscal Year 2022G, 24.2% in Fiscal Year 2023G, and improved to 26.9% in Fiscal Year 2024G.
- The cost of materials includes the cost of inventories of various products, which increased by 30.4% in Fiscal Year 2023G, with a slight decrease of 3.3% in Fiscal Year 2024G. The main contribution to the cost of materials was the cost of pipes. During the first half of 2025G, the cost of materials increased by 8.0%, in line with the slight increase in revenues during the same period.
- Manufacturing expenses include various other costs, such as production costs, rent, utilities, maintenance, depreciation expenses, and others. Expenses decreased by 87.1% in Fiscal Year 2023G, while the company saw a significant increase in manufacturing expenses by 71.4% in Fiscal Year 2024G. During the first half of 2025G, expenses decreased by 38.2% compared to the first half of 2024G.
- Salaries, wages, and related costs include salaries and allowances such as housing, leave, medical insurance, and travel allowances, in addition to other expenses such as overtime, social insurance, end-of-service benefits, and others. Expenses decreased by 17.3% in Fiscal Year 2023G, while they increased by 31.3% in Fiscal Year 2024G due to higher total salaries and related allowances. During the first half of 2025G, expenses increased by 53.3%, driven by increased salaries compared to the first half of 2024G.
- In Fiscal Year 2023G, the company made significant investments in new assets to improve the efficiency of its machines, leading to a 25.2% increase in expenses. In Fiscal Year 2024G, depreciation expenses decreased by 2.8% due to the newness of most assets. The company continued this trend in Fiscal Year 2024G, with depreciation expenses decreasing by 13.9% during the first half of 2025G compared to the first half of 2024G. For further details, please refer to the Fixed Assets section.

7-6-3 Gross Profit

Gross profit mainly depends on the cost of goods sold for various products and manufacturing costs. (salaries, overtime, utilities, etc.). Historically, the company's gross profit margin ranges between 24.2% and 26.9%. During fiscal year 2024G the company recorded a gross profit margin of 26.9% compared to 24.2% in fiscal year 2023G. During the first half of 2025G, the company's gross profit margin decreased to 24.8% compared to 26.9% in the same period last year. Gross profit mainly depends on the cost of goods sold for various products and manufacturing costs (salaries, overtime, utilities, etc.)

7-6-4 Selling and Distribution Expenses

The following table shows the details of the company's selling and distribution expenses for fiscal years 2022G, 2023G, 2024G, the first half of 2024G, and the first half of 2025G.

Table (69): Details of the company's selling and distribution expenses for fiscal years 2022G, 2023G, 2024G, the first half of 2024G, and the first half of 2025G:

Saudi Riyals	Fiscal Year 2022G	Fiscal Year 2023G	↑↓	Fiscal Year 2024G	↑↓	First Half 2024G	First Half 2025G	↑↓
Shipping and transportation and loading	11,826,143	13,461,291	13.8%	18,594,195	38.1%	10,298,044	5,795,778	(43.7%)
Salaries wages and related costs	11,767,669	14,279,089	21.3%	15,174,842	6.3%	7,493,394	10,829,570	44.5%
Maintenance and spare parts	2,379,364	1,939,624	(18.5%)	1,848,474	(4.7%)	868,009	127,689	(85.3%)
Sales commission	1,656,259	4,120,005	148.8%	5,619,334	36.4%	2,881,119	714,585	(75.2%)
Right-of-use assets depreciation	1,642,172	1,759,894	7.2%	2,002,356	13.8%	-	-	0.0%

Saudi Riyals	Fiscal Year 2022G	Fiscal Year 2023G	↑↓	Fiscal Year 2024G	↑↓	First Half 2024G	First Half 2025G	↑↓
Advertising and promotion	1,203,121	916,067	(23.9%)	744,493	(18.7%)	164,948	-	100.0%
Government fees	1,035,738	649,126	(37.3%)	426,323	(34.3%)	120,234	-	100.0%
Depreciation of property plant and equipment	961,863	472,737	(50.9%)	1,116,046	136.1%	517,968	906,965	75.1%
Medical and treatment insurance	661,828	666,935	0.8%	558,753	(16.2%)	295,238	59,413	(79.9%)
Rent	412,411	144,416	(65.0%)	102,193	(29.2%)	127,554	662,523	419.4%
Postage and telephone	406,264	252,454	(37.9%)	205,202	(18.7%)	130,349	34,045	(73.9%)
Electricity and water	266,981	227,958	(14.6%)	233,770	2.5%	105,060	2,497,857	2277.6%
Expected credit losses	3,086,541	-	(100.0%)	-	0.0%	450,000	1,751,630	289.25%
Bank fees	2,082,612	1,675,880	(19.5%)	3,433,805	104.9%	2,156,748	-	(100.0%)
Impairment in the value of usufruct dues	-	965,375	100.0%	1,703,267	76.4%	-	-	(0.0٪)
Hospitality and cleaning expenses	173,860	202,642	16.6%	271,145	33.8%	129,033	-	(100.0%)
Office equipment	201,071	185,597	(7.7%)	170,280	(8.3%)	78,201	180,780	131.2%
Others	1,253,659	1,526,929	21.8%	1,227,889	(19.6%)	333,272	532,477	59.8%
Total	**41,017,556**	**43,446,019**	**5.9%**	**53,432,367**	**23.0%**	**26,149,171**	**24,093,313**	**(7.9%)**

Source: The company's audited financial statements

- Shipping, transportation, and loading expenses increased by 13.8% during fiscal year 2023G, driven by higher sales and production volumes. These expenses include all types of transportation costs and were impacted by the company's contract with NEOM for pipes, which required an increase in the number of vehicles due to the large size of the pipes.
- During the same year, fuel and oil expenses were reclassified into shipping, transportation, and loading costs instead of being shown separately. In fiscal year 2024G, these expenses increased by 38.1%, mainly due to higher fuel costs for transporting raw materials to the site and increased sales volume. During the first half of 2025G, the expenses decreased by 43.7% due to the expansion of the company's fleet and dealing with suppliers instead of individuals.
- Salaries, wages, and related costs contributed 28.7% and 31.0% of total expenses in fiscal years 2022G and 2023G, respectively. These costs include vacation and travel allowances as well as defined employee benefit obligations. In fiscal year 2022G, 206 new employees were hired, and in fiscal year 2023G, 182 additional employees were hired. This increase is also related to annual promotions and periodic increases within the performance cycle. In fiscal year 2024G, expenses increased by 6.3%, mainly due to higher salaries and wages. During the first half of 2025G, expenses increased by 44.5%, mainly due to the increase in total employees and general rises.

- Expenses related to defined employee obligations increased by 18.5%, while vacation and travel allowances increased by 29.9%. The increase in vacation and travel allowances is linked to a change in company policy. It was noted that the company recorded no expenses related to defined benefit obligations during the first half of 2024G and the first half of 2025G.
- In fiscal year 2023G, maintenance and spare parts expenses decreased by 18.5% as the company performed vehicle maintenance to improve operational efficiency in fiscal year 2022G. In fiscal year 2024G, expenses decreased by 4.7%, mainly due to lower vehicle maintenance. No major maintenance was carried out during the first half of 2025G.
- Sales commission expenses are paid to branch employees as part of the company's strategy to motivate employees and increase sales. In fiscal year 2023G, additional sales employees were hired, and the commission policy was revised, leading to a 36.4% increase in expenses in fiscal year 2024G to support business growth and customer base.
- On November 1, 2023G, the company linked the commission amount to receipts from the relevant customers. According to the revised policy, 40% of the total commission will be provided to all branch managers and sales engineers, respectively
- Additionally, accountants, sales coordinators, drivers, and other employees are entitled to a sales commission.
- The company also linked sales commissions to receiving payments from customers. In case of customer delay, the sales commission will be reduced over the period. Commissions are paid quarterly.
- During the first half of 2025G, sales commission expenses decreased by 75.2%, despite a nominal increase in revenues.
- Advertising and promotion expenses decreased by 23.9% in fiscal year 2023G due to lower spending compared to fiscal year 2022G, which focused heavily on expanding the sales network. In fiscal year 2024G, these expenses decreased by 18.7% as part of the overall strategy.
- Government fees decreased by 37.3% in fiscal year 2023G due to reclassifying subsidiary fees separately compared to fiscal year 2022G. In fiscal year 2024G, government fees decreased by 34.3%, mainly due to a 57.2% reduction in fines and fees.
- Rent expenses decreased by 65.0% in fiscal year 2023G, mainly due to the absence of expenses related to the company's offices in Dubai and Abu Dhabi. These expenses decreased by 29.2% in fiscal year 2024G. Similarly, electricity and water expenses decreased by 14.6% in fiscal year 2023G due to relocating the company's branches across cities. However, with increased business activity and working hours, these expenses increased by 2.5% in fiscal year 2024G. Rent expenses increased by 419.4% during the first half of 2025G compared to the first half of 2024G.
- In fiscal year 2023G, the company reclassified expected credit loss expenses from general and administrative expenses to selling and distribution expenses. However, in fiscal year 2024G, all expected credit losses were disclosed in the income statement according to IFRS 9. During fiscal year 2024G, the company reclassified expected credit loss expenses from selling and distribution expenses in the income statement to comply with IFRS requirements.
- Bank fees related to fiscal year 2022G were reclassified from other expenses and presented as a separate item in fiscal year 2023G. While bank fees decreased by 19.5% in fiscal year 2023G due to letters of credit and amended guarantee letters, they increased significantly by 104.9% in fiscal year 2024G due to higher transaction volume. The company reclassified bank fees and recorded them under financing costs during the first half of 2025G.
- Office equipment expenses were reclassified from other expenses and presented as a separate item in fiscal year 2023G. These expenses decreased by 7.7% in fiscal year 2023G as no additions were made, and some assets were fully depreciated. In fiscal year 2024G, office equipment expenses decreased by 8.3%. During the first half of 2025G, office equipment expenses increased by 131.2%.

The following table shows the depreciation and amortization costs included in the cost of revenues for fiscal years 2022G, 2023G, 2024G, the first half of 2024G, and the first half of 2025G:

Table (70): The depreciation and amortization costs included in the cost of revenues for fiscal years 2022G, 2023G, 2024G, the first half of 2024G, and the first half of 2025G

Saudi Riyals	Fiscal Year 2022G	Fiscal Year 2023G	↑↓	Fiscal Year 2024G	↑↓	First Half 2024G	First Half 2025G	↑↓
Depreciation - Right-of-use assets	1,642,172	1,759,894	7.2%	2,002,356	13.8%	928,656	892,730	(3.9٪)
Depreciation – Property, plant and equipment	8,473,207	9,876,149	16.6%	10,618,879	7.5%	5,289,101	5,444,282	2.9%
Amortization - Intangible assets	314,203	326,355	3.9%	327,076	0.2%	148,189	451,571	204.7%
Total	**10,429,582**	**11,962,398**	**14.7%**	**12,948,311**	**8.2%**	**6,365,946**	**6,788,583**	**6.6%**

Source: The Company's Audited Financial Statements and Interim Review

The allocation of depreciation and amortization costs includes three distinct categories which are:

- Depreciation of right-of-use assets: This category relates to the depreciation costs associated with assets held under lease agreements, reflecting the gradual decline in their value over time.
- Depreciation of Property, plant and equipment: This category includes depreciation expenses related to tangible assets, such as real estate, machinery, equipment, etc., reflecting wear and tear or obsolescence of these assets over their useful life.
- Amortization of intangible assets: This category covers the systematic allocation of expenses associated with intangible assets, spreading their costs over the estimated useful life, often applying to items such as software.
- The company did not enter into any lease agreements during the first half of 2025G, while it executed lease agreements worth 0.7 million Saudi Riyals, 1.7 million Saudi Riyals, and 2 million Saudi Riyals during fiscal years 2022G, 2023G, and 2024G, respectively. No material terminations were carried out during the reviewed periods.
- During fiscal year 2023G, depreciation of property and equipment increased by 16.6% due to the addition of assets worth 19.4 million Saudi Riyals and a transfer from the "under construction" category of 1.8 million Saudi Riyals.
- During the first half of 2025G, depreciation on shareholder assets decreased by 3.9%. The company allocates and classifies depreciation and amortization expenses under cost of sales, selling and distribution expenses, and general and administrative expenses according to a predefined methodology.

7-6-5 General and Administrative Expenses

The following table shows the company's general and administrative expenses for the fiscal years 2022G, 2023G, 2024G, the first half of 2024G, and the first half of 2025G.

Table (71): The company's general and administrative expenses for the fiscal years 2022G, 2023G, 2024G, the first half of 2024G, and the first half of 2025G:

Saudi Riyals	Fiscal Year 2022G	Fiscal Year 2023G	↑↓	Fiscal Year 2024G	↑↓	First Half 2024G	First Half 2025G	↑↓
Salaries, wages, and related costs	7,706,242	10,834,833	40.6%	11,558,173	6.7%	5,342,176	6,153,475	15.2%
Government fees	1,332,981	1,543,161	15.8%	2,145,459	39.0%	951,572	-	(100.0٪)
Committee Remuneration and Dues	1,925,000	2,160,000	12.2%	2,115,042	(2.1٪)	623,294	-	(100.0٪)
Depreciation of properties, plant, and equipment	647,660	815,788	26.0%	660,619	(19.0٪)	472,829	693,453	46.7%
Amortization of intangible assets	314,203	326,355	3.9%	327,076	0.2%	-	451,569	0.0%
Software and network services	920,130	610,633	(33.6٪)	529,142	(13.3٪)	301,281	-	(100.0٪)
Medical and treatment insurance	494,095	520,995	5.4%	560,199	7.5%	249,790	-	(100.0٪)
Impairment of checks in collection	-	500,000	100.0%	450,000	(10.0٪)	-	-	0.0%
Postage and telephone	555,652	435,458	(21.6٪)	193,221	(55.6٪)	86,069	853,395	891.5%
Professional fees	497,889	409,953	(17.7٪)	1,971,090	380.8%	75,534	540,687	615.8%
Bank fees	127,205	150,613	18.4%	41,943	(72.2٪)	22,564	-	(100.0٪)
Fuel, maintenance, and vehicle insurance	303,858	147,042	(51.6٪)	541,789	268.5%	335,657	34,679	(89.7٪)
Business trips and travel	86,451	140,243	62.2%	130,556	(6.9٪)	71,156	79,405	11.6%
Stationery and printed materials	138,593	96,671	(30.2٪)	115,989	20.0%	49,012	-	(100.0٪)
Inventory value impairment	1,500,000	-	(100.0٪)	-	0.0%	-	-	0.0%
Provision for other receivables	-	-	0.0%	635,428	100.0%	-	-	0.0%
Other	878,707	1,106,419	25.9%	616,212	(44.3٪)	2,296,059	1,804,506	(21.4٪)
Total	**17,428,666**	**19,798,164**	**13.6%**	**22,591,938**	**14.1%**	**10,876,993**	**10,611,169**	**(2.4%)**

Source: The Company's audited financial statements and management information

- Administrative expenses, which include salaries and wages, utilities and maintenance, government fees, management remuneration for various committees, depreciation and amortization, and other expenses, increased by 13.6% during fiscal year 2023G and by 14.1% during fiscal year 2024G. During the first half of 2025G, expenses increased by 7.0% compared to the first half of 2024G.
- Salaries, wages, and related costs also include travel and vacation allowances and defined benefit obligations for employees. Expenses increased by 40.6% during fiscal year 2023G due to the hiring of new employees. The company employed 182 employees during fiscal year 2023G, in addition to reviewing current employees' salaries as part of the annual performance review. This increase is also attributed to a change in the vacation and travel policy. Expenses increased by 6.7% during fiscal year 2024G due to higher salaries and additional allowances. Vacation and travel allowances increased by 20.5%. Expenses increased by 15.2% during the first half of 2025G due to an increase in the number of employees and the overall increase rate. The company did not record any expenses related to defined benefit obligations during the first half of 2024G and 2025G.
- Government fees increased by 15.8% during fiscal year 2023G due to the growth in the number of employees. This trend continued in fiscal year 2024G, with expenses rising sharply by 39.0%.
- Committee remuneration and dues, including payments to Board members, the audit committee, the remuneration committee, and the investment committee, increased by 12.2% in fiscal year 2023G due to additional meetings held to complete IPO activities. During fiscal year 2024G, these expenses slightly decreased due to reduced payments to Board members and normalization of costs.
- Medical and treatment insurance costs increased by 5.4% in fiscal year 2023G and by 7.5% in fiscal year 2024G, reflecting an overall increase in the number of employees.
- The company allocated provisions of 500 thousand Saudi Riyals in fiscal year 2023G and 450 thousand Saudi Riyals in fiscal year 2024G for checks in collection overdue for more than one year. These provisions were established based on the company's legal management recommendations. No provisions were recorded during the first half of 2025G.
- Postage and telephone expenses increased by 21.6% and 55.6% during fiscal years 2023G and 2024G, respectively. This increase aligns with the company's strict cost-saving strategies. Expenses increased significantly during the first half of 2025G, mainly due to higher procurement management expenses of 411 thousand Saudi Riyals compared to 86 thousand Saudi Riyals in the first half of 2024G.
- Professional fees remained stable and decreased by 17.7% during fiscal year 2023G, as the expenses recorded in fiscal year 2022G related to hiring specialists for the IPO on Nomu Market were higher. During fiscal year 2024G, these expenses increased significantly by 380.8%, as the company incurred an additional 1.5 million Saudi Riyals for transferring from the open market (Tadawul) to external advisors. Professional fees increased by 615.8% during the first half of 2025G, including various fees such as management and legal consulting expenses. The company also recorded auditing expenses amounting to 171 thousand Saudi Riyals.
- Bank fees increased by 18.4% during fiscal year 2023G due to higher export activities and the opening of letters of credit and guarantees for export revenues and local corporate clients. In fiscal year 2024G, these expenses decreased sharply by 72.2%, attributed to a lower number of transactions involving letters of credit and guarantees from corporate clients in Egypt.
- Fuel, maintenance, and vehicle insurance costs decreased by 51.6% in fiscal year 2023G, mainly due to lower vehicle maintenance expenses. These costs then increased significantly by 268.5% in fiscal year 2024G, primarily driven by vehicle insurance expenses amounting to 0.23 million Saudi Riyals. Expenses were 35 thousand Saudi Riyals during the first half of 2025G.
- Stationery and printing expenses decreased by 30.2% during fiscal year 2023G but increased by 20.0% in fiscal year 2024G, reflecting higher business needs.

7-6-6 Financial Cost

The following table shows the Company's financing cost for the fiscal years 2022, 2023, and 2024, and the first half of 2024 and the first half of 2025G:

Table (72): Details of the Company's other revenues for the fiscal years 2022, 2023, and 2024, and the first half of 2024 and the first half of 2025G:

Saudi Riyals	Fiscal Year 2022G	Fiscal Year 2023G	↑↓	Fiscal Year 2024G	↑↓	First Half 2024G	First Half 2025G	↑↓
Financing cost on lease liabilities	41,414	184,749	346.1%	280,915	52.1%	103,366	105,866	2.4%
Financing cost on loans	584,202	1,066,411	82.5%	204,804	(80.8٪)	105,600	766,007	625.4%
Total	**625,616**	**1,251,160**	**100.0%**	**485,719**	**(61.2٪)**	**208,966**	**871,872**	**317.2%**

Source: The Company's audited financial statements

- Financing cost includes expenses related to both lease liabilities and borrowings. During the fiscal year 2023G, costs increased mainly due to obtaining a long-term loan from the Saudi Industrial Development Fund.
- Obtaining the loan from the Saudi Industrial Development Fund was a key factor behind the annual increase in loan financing costs. This loan was obtained to support the planned expansion of a new factory and the development of existing factories.
- During the fiscal year 2024G, financing cost decreased by 61.2% due to the decline in the loan balance in the fiscal year 2024G.
- During the first half of 2025G, financing cost increased by 317.2% as a result of the Company obtaining additional loans during the period. Moreover, the Company reclassified bank charges under financing costs.

7-6-7 Profits on Sale of Investment in a Subsidiary

- On June 12, 2023G, the Board of Directors approved the acquisition of ownership shares in Shawcor Composite Piping Systems Middle East Company Limited at a value of 2 million Saudi Riyals.
- The acquisition was completed on May 13, 2024G, at a final purchase price of 2.3 million Saudi Riyals. On June 27, 2024G, the Company sold 100% of its stake in Shawcor Composite Piping Systems Middle East Company Limited in Khobar to Murjan Factory for Fiberglass Products for 12 million Saudi Riyals, resulting in a capital gain of 9.6 million Saudi Riyals. The Company received the full proceeds of this transaction.

7-6-8 Other Revenues

The following table shows the details of the Company's other revenues for the fiscal years 2022G, 2023G, and 2024G, and the first half of 2024G and the first half of 2025G:

Table (73): The details of the Company's other revenues for the fiscal years 2022G, 2023G, and 2024G, and the first half of 2024G and the first half of 2025G

Saudi Riyals	Fiscal Year 2022G	Fiscal Year 2023G	↑↓	Fiscal Year 2024G	↑↓	First Half 2024G	First Half 2025G	↑↓
Other Revenues	221,638	326,966	47.5%	190,368	(41.8٪)	-	1,222,516	(100٪)
Total	**221,638**	**326,966**	**47.5%**	**190,368**	**(41.8٪)**	**-**	**1,222,516**	**(100٪)**

Source: The Company's Audited Financial Statements and Interim Review

- Other revenues consist of transportation revenues from international and domestic sales. However, during the fiscal year 2023G, they were not classified as other revenues. During the first half of 2025G, other revenues included gains from the sale of property and equipment amounting to 1.1 million Saudi Riyals.

7-7 Statement of Financial Position

The following table shows the Company's Statement of Financial Position for the years 2022G, 2023G, 2024G, and the first half of 2025G.

Table (74): The Company's Statement of Financial Position for the years 2022G, 2023G, 2024G, and the first half of 2025G

Saudi Riyals	Fiscal Year 2022G	Fiscal Year 2023G	↑↓	Fiscal Year 2024G	↑↓	First Half 2025G	↑↓
Assets							
Non-current Assets							
Property, Plant and Equipment	137,796,785	149,128,483	8.2%	149,459,646	0.2%	155,009,593	3.7%
Right-of-use Assets	5,108,581	4,969,427	(2.7%)	4,992,110	0.5%	4,105,186	(17.8%)
Projects under Construction	1,962,502	5,896,274	200.4%	9,815,934	66.5%	11,139,485	13.5%
Intangible Assets	1,778,397	1,458,392	(18.0%)	1,146,381	(21.4%)	1,384,984	20.8%
Total Non-current Assets	**146,646,265**	**161,452,576**	**10.1%**	**165,414,071**	**2.5%**	**171,639,248**	**3.8%**
Current Assets							
Inventories, net	156,939,971	179,049,836	14.1%	195,749,721	9.3%	204,779,672	4.6%
Trade Receivables, net	70,137,877	106,677,554	52.1%	104,359,431	(2.2%)	137,106,568	31.4%
Due from Related Parties, net	3,745,048	3,106,704	(17.0%)	860,654	(72.3%)	1,938,585	125.2%
Prepaid Expenses and Other Receivables, net	55,033,421	41,272,658	(25.0%)	41,609,121	0.8%	31,424,351	(24.5%)
Cash and its Equivalents	27,571,678	15,528,531	(43.7%)	8,525,491	(45.1%)	14,704,589	72.5%
Total Current Assets	**313,427,995**	**345,635,283**	**10.3%**	**351,104,418**	**1.6%**	**389,953,765**	**11.1%**
Total Assets	**460,074,260**	**507,087,859**	**10.2%**	**516,518,489**	**1.9%**	**561,593,013**	**8.7%**
Shareholders' Equity and Liabilities							
Shareholders' Equity							
Capital	250,000,000	250,000,000	0.0%	250,000,000	-	250,000,000	0.0%
Statutory Reserve	36,213,951	39,572,847	9.3%	43,486,530	9.9%	43,486,530	0.0%
Retained Earnings	59,017,808	70,497,867	19.5%	68,221,015	(3.25%)	72,564,466	6.4%
Remeasurement Reserve of Defined Employee Benefit Obligations	913,850	(39,907)	(104.4%)	(511,539)	1,181.8%	(511,539)	0.0%
Total Shareholders' Equity	**346,145,609**	**360,030,807**	**4.0%**	**361,196,006**	**0.3%**	**365,539,457**	**1.2%**

Saudi Riyals	Fiscal Year 2022G	Fiscal Year 2023G	↑↓	Fiscal Year 2024G	↑↓	First Half 2025G	↑↓
Liabilities							
Non-current Liabilities							
Long-term Loans	9,755,339	14,363,630	47.2%	13,102,473	(8.8%)	16,460,000	25.6%
Defined Employee Benefit Obligations	9,981,126	12,972,827	30.0%	15,460,436	19.2%	16,217,590	4.9%
Lease contracts Liabilities – Non-current Portion	2,744,015	2,680,543	(2.3%)	2,763,593	3.1%	2,400,627	(13.1%)
Total Non-current Liabilities	**22,480,480**	**30,017,000**	**33.5%**	**31,326,502**	**4.4%**	**35,078,217**	**12.0%**
Current Liabilities							
Zakat Provision	6,771,118	7,537,035	11.3%	6,282,985	(16.6%)	3,000,000	(52.3%)
Long-term Loans – Current Portion	-	4,000,000	100.0%	4,400,000	10.0%	3,307,359	(24.8%)
Short-term Loans	-	-	-	991,250	100.0%	15,184,684	1431.9%
Trade Payables	68,158,538	83,506,330	22.5%	82,804,070	(0.8%)	115,744,284	39.8%
Lease Liabilities – Current Portion	1,642,172	1,599,016	(2.6%)	1,820,597	13.9%	1,535,008	(15.7%)
Accrued Expenses and Other Payables	14,876,343	20,397,671	37.1%	27,697,079	35.8%	22,204,004	(19.8%)
Total Current Liabilities	**91,448,171**	**117,040,052**	**28.0%**	**123,995,981**	**5.9%**	**160,975,339**	**29.8%**
Total Liabilities	**113,928,651**	**147,057,052**	**29.1%**	**155,322,483**	**5.6%**	**196,053,556**	**26.2%**
Total Shareholders' Equity and Liabilities	**460,074,260**	**507,087,859**	**10.2%**	**516,518,489**	**1.9%**	**561,593,013**	**8.7%**

Source: The Company's Audited Financial Statements and Interim Review

7-7-1 Non-current Assets

The following table shows the Company's non-current assets for the years 2022G, 2023G, and 2024G, and the first half of 2025G:

Table (75): The Company's non-current assets for the years 2022G, 2023G, and 2024G, and the first half of 2025G:

Saudi Riyals	Fiscal Year 2022G	Fiscal Year 2023G	↑↓	Fiscal Year 2024G	↑↓	First Half 2025G	↑↓
Property, Plant and Equipment	137,796,785	149,128,483	8.2%	149,459,646	0.2%	155,009,593	3.7%
Right-of-use Assets	5,108,581	4,969,427	(2.7%)	4,992,110	0.5%	4,105,186	(17.8%)
Projects under Construction	1,962,502	5,896,274	200.4%	9,815,934	66.5%	11,139,485	13.5%
Intangible Assets	1,778,397	1,458,392	(18.0%)	1,146,381	(21.4%)	1,384,984	20.8%
Total Non-current Assets	**146,646,265**	**161,452,576**	**10.1%**	**165,414,071**	**2.5%**	**171,639,248**	**3.8%**

Source: The Company's audited financial statements

Non-current assets include property, plant and equipment, right-of-use assets, intangible assets, and assets under construction and development. Non-current assets recorded a significant increase of 10.1% during the fiscal year 2023G, while they increased marginally by 2.5% during the fiscal year 2024G. As of December 31, 2024G, non-current assets represented 32% of total assets. This change is attributed to the amortization and depreciation of intangible assets and right-of-use assets, in addition to the addition of a new project under construction related to the establishment of a factory in the United Arab Emirates. Non-current assets accounted for 31% as of June 30, 2025G, reflecting an increase of 3.8%.

7-7-1-1 Property, Plant and Equipment

The following table shows the details of the Company's property, plant and equipment for the years 2022G, 2023G, 2024G, and the first half of 2025G:

Table (76): Details of the Company's property, plant and equipment for the fiscal years 2022G, 2023G, 2024G, and the first half of 2025G:

Saudi Riyals	Fiscal Year 2022G	Fiscal Year 2023G	↑↓	Fiscal Year 2024G	↑↓	First Half 2025G	↑↓
Land	53,302,500	53,302,500	0.0%	53,302,500	0.0%	53,287,508	(0.03%)
Buildings and Constructions	34,133,709	32,508,285	(4.8%)	31,655,419	(2.6%)	33,0080380	4.27%
Machinery and Equipment	40,507,539	51,613,358	27.4%	51,214,438	(0.8%)	55,867,827	9.09%
Injection Molds	1,795,139	1,685,135	(6.1%)	2,381,401	41.3%	2,848,485	19.61%
Tools and Instruments	2,313,876	1,935,068	(16.4%)	1,817,877	(6.1%)	1,993,372	9.65%
Furniture and Furnishings	84,591	144,381	70.7%	159,203	10.3%	137,037	(13.92%)
Office Equipment	866,596	826,827	(4.6%)	2,059,969	149.1%	1,799,902	(12.62%)
Vehicles	3,851,079	6,251,045	62.3%	6,095,030	(2.5%)	5,336,525	(12.44%)
Security Devices	941,756	861,883	(8.5%)	773,808	(10.2%)	730,557	(5.59%)
Total	**137,796,785**	**149,128,483**	**8.2%**	**149,459,646**	**0.2%**	**155,009,593**	**3.71%**

Source: The Company's audited financial statements and management information

During the fiscal year 2022G, the Company acquired property, plant and equipment amounting to 11.6 million Saudi Riyals, in addition to a transfer of 3.9 million Saudi Riyals from assets under construction. In the fiscal year 2023G, the value of property, plant and equipment increased by 11.3 million Saudi Riyal (8.2%), driven by acquisitions with a total value of 19.4 million Saudi Riyals, as well as a transfer of 1.8 million Saudi Riyals from assets under construction. The attached table shows the details of additions by asset category.

The key investments during the year include the following:

- Polyethylene pipe extrusion line: An investment of 4.6 million Saudi Riyals was made in a system designed to melt raw plastic and shape it into continuous sections, supporting large-scale production efficiency.
- High-speed polyethylene pipe extrusion line: 2.4 million Saudi Riyals was allocated to this equipment, which enables precise pipe drawing from the extruder, as well as vacuum management, cooling, and thickness control.

- High-Density Polyethylene / Polypropylene Pipe Coiling Equipment: An investment of 2 million Saudi Riyals was made in machines used to produce large-diameter hollow pipes, which are increasingly preferred over traditional cement and cast iron alternatives for water drainage and sewage systems.
- Reinforced thermoplastic pipe production line: 1 million Saudi Riyals was spent on an extrusion line used to manufacture both the inner pipe and the outer sheath of reinforced thermoplastic pipes.
- DT 12 Injection molding machine: An investment of 0.9 million Saudi Riyals was made in this equipment, which includes a material hopper, an injection or screw press, and a heating unit. The machine's load capacity refers to the clamping force it can exert.
- These capital investments reflect the Company's strategic focus on expanding and modernizing its production capabilities to support future growth.
- During the first half of 2025G, the value of property, plant and equipment increased by 3.7% as a result of the Company acquiring new assets worth 11.6 million Saudi Riyals. Depreciation expense amounted to 5.4 million Saudi Riyals. Key additions to protective equipment and machinery during the year included the following:
- Machinery: 7.6 million Saudi Riyals was allocated to various machines to enhance the Company's operational capacity.
- Vehicles: 263 thousand Saudi Riyals was invested in the purchase of 5 vehicles to support the Company's operational and logistical needs.
- Multiple molds: An additional 672 thousand Saudi Riyals was invested in various molds to enhance production flexibility and capacity.
- The Company has no approved expansion plans in leasing property and equipment under finance leases, including right-of-use assets, except as disclosed in the financial statements.

7-7-1-2 Right-of-use Assets

Table (77): Right-of-use Assets

Saudi Riyals	Fiscal Year 2022G	Fiscal Year 2023G	↑↓	Fiscal Year 2024G	↑↓	First Half 2025G	↑↓
Cost:							
Balance as of January, 1	10,384,585	11,088,032	6.8%	12,708,772	14.6%	14,733,811	15.9%
Additions during the year	703,447	1,653,422	135.0%	2,046,143	19.2%	102,318	(95.0%)
Adjustments	-	63,841	100.0%	95,726	100.0%	37,421	(60.9%)
Termination of lease contracts during the year	-	(96,523)	100.0%	(116,830)	21.0%	(133,933)	14.6%
Balance as of December, 31 / June, 30	11,088,032	12,708,772	14.6%	14,733,811	15.9%	14,739,617	0.0%
Accumulated Depreciation:							
Balance as of January, 1	4,337,279	5,979,451	37.9%	7,739,345	29.4%	9,741,701	25.9%
Charged during the year	1,642,172	1,759,894	7.2%	2,002,356	13.8%	892,730	(55.4%)
Balance as of December, 31 / June, 30	5,979,451	7,739,345	29.4%	9,741,701	25.9%	10,634,431	9.2%
Balance as of December, 31 / June, 30	**5,108,581**	**4,969,427**	**(2.7%)**	**4,992,110**	**0.5%**	**4,105,186**	**(17.8%)**

Source: The Company's Audited Financial Statements and Interim Review

- The Company's right-of-use assets decreased during the fiscal year 2022G due to lower additions and higher depreciation expenses. During the fiscal year 2023G, total additions amounted to 1.7 million Saudi Riyals, while depreciation totaled 1.8 million Saudi Riyals.
- During the fiscal year 2024G, right-of-use assets increased by 0.5% as there were no major lease terminations during the year, and the addition was offset by depreciation.
- During the first half of 2025G, right-of-use assets decreased by 17.8% due to depreciation, as there were no new additions or lease terminations.

7-7-1-3 Projects Under Construction and Development

Table (78): Projects Under Construction and Development

Saudi Riyals	Fiscal Year 2022G	Fiscal Year 2023G	↑↓	Fiscal Year 2024G	↑↓	First Half 2025G	↑↓
Balance as of January, 1	5,681,157	1,962,502	(65.5%)	5,896,274	200.4%	9,815,934	66.5%
Additions	178,012	6,153,303	3356.7%	3,919,660	(36.3%)	3,824,117	(2.4%)
Transferred to Property, Plant and Equipment	(3,896,667)	(1,795,362)	(53.9%)	-	(100.0%)	(2,500,566)	100.0%
Transferred to Spare Parts Inventory	-	(424,169)	0.0%	-	(100.0%)	-	0.0%
Balance as of December 31 / June 30	**1,962,502**	**5,896,274**	**200.4%**	**9,815,934**	**66.5%**	**11,139,485**	**13.5%**

Source: The Company's Audited Financial Statements and Interim Review

- Assets under construction and development are assets currently being built and not yet ready for use as intended by management. They also include non-current intangible assets.
- The Company transferred assets amounting to 3.3 million Saudi Riyals to the buildings and constructions category during the fiscal year 2022G. In the fiscal year 2023G, the Company transferred assets amounting to 1.8 million Saudi Riyals to the machinery and equipment category, and 0.4 million Saudi Riyals to the spare parts category.
- During the fiscal year 2022G, the Company's Board of Directors approved the acquisition of a factory valued at 4.8 million Saudi Riyals through a public auction held in the industrial area of Ras Al Khaimah, United Arab Emirates. Subsequently, during the fiscal year 2023G, the Company capitalized and allocated 2.2 million Saudi Riyals to machinery, equipment, and spare parts inventory.
- In the fiscal year 2024G, the Company added major assets amounting to 1.1 million Saudi Riyals for a shipbuilding factory, while 1.8 million Saudi Riyals was invested in an Enterprise Resource Planning (ERP) program as part of a new project that will be reclassified as intangible assets upon completion. The remaining additions were related to the ring road extension and the new headquarters.
- During the first half of 2025G, additions amounted to 3.8 million Saudi Riyals, of which 2.5 million Saudi Riyals was transferred to property, plant and equipment. This transfer relates to Al-Nokhatha factory building, which was reclassified after the full settlement of the Saudi Industrial Development Fund facilities associated with the building.

No conversions have been made to manufacturing equipment and machinery since the UAE project was underway and some parts have not been received from the UAE yet while some machinery (mainly extrusion machines) requires space that will be available when Al-Yarmouk infrastructure project is completed.

7-7-1-4 Intangible Assets

Table (79): Intangible Assets

Saudi Riyals	Fiscal Year 2022G	Fiscal Year 2023G	↑↓	Fiscal Year 2024G	↑↓	First Half 2025G	↑↓
Cost:							
Balance as of January, 1	3,121,676	3,900,141	24.9%	3,906,491	0.2%	3,921,556	0.4%
Additions during the year	109,827	6,350	(94.2%)	15,065	137.3%	690,174	4481.0%
Conversions	668,638	-	(100.0%)	-	-	-	0.0%
Balance as of December, 31 / June, 30	3,900,141	3,906,491	0.2%	3,921,556	0.4%	4,611,730	17.6%
Accumulated Amortization:							
Balance as of January, 1	1,164,038	2,121,744	82.3%	2,448,099	15.4%	2,775,175	13.4%
Charged	314,203	326,355	3.9%	327,076	0.2%	451,571	38.1%
Transferred	643,503	-	(100.0%)	-	0.0%	-	0.0%
Balance as of December 31 / June 30	2,121,744	2,448,099	15.4%	2,775,175	13.4%	3,226,746	16.3%
Balance as of December 31 / June 30	**1,778,397**	**1,458,392**	**(18.0%)**	**1,146,381**	**(21.4%)**	**1,384,984**	**20.8%**

Source: The Company's Audited Financial Statements and Interim Review

- The Company acquired software licenses for its branches, which are amortized over ten years. During the fiscal year 2022G, the Company acquired software worth 110 thousand Saudi Riyals, while additions decreased significantly during the fiscal year 2023G. In the fiscal year 2024G, the Company acquired additional software worth 15 thousand Saudi Riyals. During the first half of 2025G, the Company added software licenses worth 690 thousand Saudi Riyals, with no transfers from assets under construction. The main amount relates to the purchase of a Dynamics 365 license valued at 495 thousand Saudi Riyals.

7-7-2 Current Assets

The following table shows the details of the Company's current assets for the years 2022G, 2023G, 2024G, and the first half of 2025G:

Table (80): Details of the Company's Current Assets for the years 2022G, 2023G, 2024G, and the first half of 2025G:

Saudi Riyals	Fiscal Year 2022G	Fiscal Year 2023G	↑↓	Fiscal Year 2024G	↑↓	First Half 2025G	↑↓
Inventory	156,939,971	179,049,836	14.1%	195,749,721	9.3%	204,779,672	4.6%
Trade Receivables	70,137,877	106,677,554	52.1%	104,359,431	(2.2%)	137,106,568	31.4%
Due from Related Parties	3,745,048	3,106,704	(17.0%)	860,654	(72.3%)	1,938,585	125.2%
Prepayments and Other Receivables	55,033,421	41,272,658	(25.0%)	41,609,121	0.8%	31,424,351	(24.5%)
Cash and its Equivalents	27,571,678	15,528,531	(43.7%)	8,525,491	(45.1%)	14,704,589	72.5%
Total Current Assets	**313,427,995**	**345,635,283**	**10.3%**	**351,104,418**	**1.6%**	**389,953,765**	**11.1%**

Source: The Company's Audited Financial Statements and Interim Review

- Current assets consist of cash and its equivalents, inventories, prepaid expenses, and other receivables. Current assets increased by 10.3% during the fiscal year 2023G and by 1.6% during the fiscal year 2024G. During the first half of 2025G, current assets increased by 11.2% due to an increase in cash and its equivalents and trade receivables.
- The category of prepaid expenses and other receivables includes various financial items, such as accrued revenues, advances to suppliers, miscellaneous expenses, letters of guarantee, letters of credit, and miscellaneous receivables.

7-7-3 Inventory

The following table shows the details of the Company's inventory for the years 2022G, 2023G, 2024G, and the first half of 2025G:

Table (81): Details of the Company's Inventory for the years 2022G, 2023G, 2024G, and the First half of 2025G:

Saudi Riyals	Fiscal Year 2022G	Fiscal Year 2023G	↑↓	Fiscal Year 2024G	↑↓	First Half 2025G	↑↓
Finished Goods	113,827,591	119,683,551	5.1%	140,890,469	17.3%	147,530,027	4.7%
Raw Materials	41,036,752	53,113,001	29.4%	52,323,143	(1.5%)	54,562,535	4.3%
Work in Progress	6,434,506	7,912,808	23.0%	5,049,217	(36.2%)	6,571,933	30.2%
Spare Parts	4,558,111	7,290,405	59.9%	7,989,706	9.6%	7,315,473	(8.4%)
Packaging Materials	1,585,825	1,552,885	(2.1%)	-	(100.0%)	-	0.0%
Total Inventory	**167,442,785**	**189,552,650**	**13.2%**	**206,252,535**	**8.8%**	**215,979,968**	**4.7%**
Value Impairment	(10,502,814)	(10,502,814)	0.0%	(10,502,814)	0.0%	(11,200,296)	6.6%
Net Balance	**156,939,971**	**179,049,836**	**14.1%**	**195,749,721**	**9.3%**	**204,779,672**	**4.6%**

Source: The Company's Audited Financial Statements and Interim Review

- Finished goods inventory witnessed steady growth, in line with the company's strategy to expand its operations, meet customer demands, and reduce production and delivery lead times.
- As of fiscal year 2022G, sufficient levels of finished goods were maintained, leading to a deliberate reduction in raw materials to minimize cash outflow and expedite the delivery of finished goods.
- Consumption of packaging materials decreased during fiscal year 2023G, mainly due to the temporary closure of The Saudi Factory for Rubber Products for maintenance and a general decrease in supply. However, in fiscal year 2024G, consumption of packaging materials increased by 16.0% to meet customer requirements. As of the first half of 2025G, the Company reclassified packaging materials with raw materials, and they were not presented separately in the December 31, 2024G data.
- Raw materials inventory increased significantly by 29.4% during fiscal year 2023G but decreased by 1.5% in fiscal year 2024G due to sufficient availability of finished goods. During the first half of 2025G, raw materials increased by 4.3% as the Company has specific projects under implementation, for which raw materials were purchased, and to accommodate fluctuations in polyethylene pipe prices from SABIC.
- The Company contracted an external party to evaluate inventory levels and assess provisioning requirements. Based on the external party's report, no additional provisions were recorded during fiscal years 2023G and 2024G, while a provision of 697,482 Saudi Riyals was recorded in the first half of 2025G.

7-7-4 Trade Receivables

Table (82): Trade Receivables

Saudi Riyals	Fiscal Year 2022G	Fiscal Year 2023G	↑↓	Fiscal Year 2024G	↑↓	First Half 2025G	↑↓
Trade Receivables	93,488,718	132,324,655	41.5%	135,035,145	2.0%	168,158,450	24.5%
Deduct: Impairment of Trade Receivables Value	(23,350,841)	(25,647,101)	9.8%	(30,675,714)	19.6%	(31,051,882)	1.2%
Net Balance	**70,137,877**	**106,677,554**	**52.1%**	**104,359,431**	**(2.2%)**	**137,106,568**	**31.4%**

Source: The Company's Audited Financial Statements and Interim Review

- The Company follows a credit policy for its corporate customers based on various factors. Credit terms typically range between 30 and 90 days. Credit sales are primarily granted to corporate clients and projects with longer maturities than the standard credit period.
- During fiscal year 2022G, trade receivables increased by 41.5%, while in fiscal year 2023G, growth was limited to only 2% during fiscal year 2024G. This increase in trade receivables is attributed to total credit sales and new customer contracts.
- As of fiscal year 2024G, 33.0% of the balance overdue for more than one year relates to Saudi Technical Contracting Company Limited. Additionally, 17.6% and 15.7% of the balance overdue for more than 270 days relate to Nabatat Contracting Company and Dhaif Allah Al-Otaibi Contracting Company, respectively. With the addition of new customers and the long-term nature of these contracts, the overall age of trade receivables has increased.

During the first half of 2025G, trade receivables increased by 24.5%. This rise in trade receivables is related to total credit sales and con-tracts with new customers. The previous sections addressed the analysis of credit sales and concentration analysis.

Table (83): Aging of Trade Receivables

Saudi Riyals	Fiscal Year 2022G	Fiscal Year 2023G	↑↓	Fiscal Year 2024G	↑↓	First Half 2025G	↑↓
1 – 30 days	27,039,259	37,083,973	37.1%	37,076,447	(0.02%)	33,201,713	(10.5%)
31 – 90 days	21,849,304	34,813,318	59.3%	32,941,057	(5.4%)	53,198,624	61.5%
91 – 180 days	7,020,243	16,921,554	141.0%	25,860,278	52.8%	81,758,113	216.2%
181 – 270 days	4,513,493	8,949,042	98.3%	7,815,516	(12.7%)	-	(100.0%)
271 – 360 days	5,434,625	2,643,789	(51.4%)	6,808,063	157.5%	-	(100.0%)
More than 360 days	27,631,794	31,912,979	15.5%	24,533,784	(23.1%)	-	(100.0%)
Total	**93,488,718**	**132,324,655**	**41.5%**	**135,035,145**	**2.0%**	**168,158,450**	**24.5%**

Source: The Company's Audited Financial Statements and Interim Review

- To minimize provisions, the Company links sales commissions to the status of overdue trade receivables. Employees receive 100% of their commission if payments are collected within the credit period, while delays in payment result in a reduced commission rate. This approach encourages the employees to ensure timely collection of payments within the agreed credit period.
- Provisions for trade receivables are calculated based on the expected credit loss model, in accordance with International Financial Reporting Standard (IFRS) 9.

Table (84): Movement in Expected Credit Losses

Saudi Riyals	Fiscal Year 2022G	Fiscal Year 2023G	↑↓	Fiscal Year 2024G	↑↓	First Half 2025G	↑↓
As at the Beginning of the Year/ Period	20,536,269	23,350,841	13.7%	25,647,101	9.8%	30,675,714	19.6%
Charged During the Year/Period	3,086,541	2,644,095	(14.3%)	11,562,980	337.5%	376,168	(96.7%)
Used During the Year/Period	(271,969)	(347,835)	27.9%	(6,534,367)	628.6%	-	(100.0%)
As at the End of 31 December / 30 June	**23,350,841**	**25,647,101**	**9.83%**	**30,675,714**	**19.6%**	**31,051,882**	**1.23%**

Source: The Company's Audited Financial Statements and Interim Review

7-7-5 Due from Related Parties

The following table shows the details of amounts due from related parties for the Company for the fiscal years 2022G, 2023G, 2024G, and the first half of 2025G:

Table (85): Due from Related Parties

Saudi Riyals	Fiscal Year 2022G	Fiscal Year 2023G	↑↓	Fiscal Year 2024G	↑↓	First Half 2025G	↑↓
Ladaain Company (Limited Company)	991,034	-	(100.0%)	-	0.0%	-	0.0%
Alwasail Construction Company	7,387,049	7,387,049	0.0%	37,593	(99.5%)	198,555	428.2%
Thaqeb Plastic Company	306,070	1,624,135	430.6%	823,061	(49.3%)	1,740,030	111.4%
Deduct: Impairment of related parties	(4,939,105)	(5,904,480)	19.6%	-	(100.0%)	-	-
Net Balance	**3,745,048**	**3,106,704**	**(17.0%)**	**860,654**	**(72.3%)**	**1,938,585**	**125.2%**

Source: The Company's Audited Financial Statements and Interim Review

- The balances due from related parties decreased by 17.0%, mainly due to the collection of amounts related to Ladaain Company. Moreover, the balances decreased significantly during the fiscal year 2024G by 72.3%.

Table (86): Movement in Allowance for Expected Credit Losses – Related Parties

Saudi Riyals	Fiscal Year 2022G	Fiscal Year 2023G	↑↓	Fiscal Year 2024G	↑↓	First Half 2025G	↑↓
As of January, 1	4,939,105	4,939,105	0.7%	5,904,480	19.5%	-	0.0%
Charged during the year	-	965,375	100.0%	1,703,267	76.4%	-	0.0%
Used during the year	-	-	0.0%	(7,607,747)	(100.0%)	-	0.0%
As of December, 31 / June, 30	**4,939,105**	**5,904,480**	**19.55%**	**-**	**(100.0%)**	**-**	**0.0%**

Source: The Company's Audited Financial Statements and Interim Review

7-7-6 Advance Payments and Other Receivables

The following table shows the details of advance payments and other receivables for the Company for the fiscal years 2022G, 2023G, 2024G, and the first half of 2025G:

Table (87): Advance Payments and Other Receivables

Saudi Riyals	Fiscal Year 2022G	Fiscal Year 2023G	↑↓	Fiscal Year 2024G	↑↓	First Half 2025G	↑↓
Accrued Revenues	21,242,471	22,616,667	6.5%	23,427,144	3.6%	13,391,843	(42.8%)
Advance Payments to Suppliers	10,911,608	6,431,763	(41.1%)	9,526,512	48.1%	10,402,227	9.2%
Miscellaneous Expenses Fund for Branch-es	4,151,525	4,350,189	4.8%	3,290,022	(24.4%)	1,317,264	(60.0%)
Letter of Guarantee	10,907,574	4,198,455	(61.5%)	1,199,350	(71.4%)	121,158	(89.9%)
Employee Loans	3,838,468	4,031,233	5.0%	3,537,440	(12.2%)	3,741,186	5.8%
Letter of Credit	913,308	1,175,454	28.7%	921,430	(21.6%)	1,339,127	45.3%
Checks Under Collection	1,076,461	982,648	(8.7%)	466,785	(52.5%)	466,785	0.0%
Advance Payment for the Purchase of Property and Equipment	5,371,337	866,500	(83.9%)	-	(100%)	-	0.0%
Advance Payment for Investment	-	227,318	100.0%	-	(100%)	-	0.0%
Advance Payments	-	138,839	100.0%	-	(100%)	1,643,690	100.0%
Other	16,000	148,923	830.8%	148,923	-	148,538	(0.3%)
Gross	**58,428,752**	**45,167,989**	**(22.7%)**	**42,517,606**	**(5.9%)**	**32,571,818**	**(23.4%)**
Deduct: Impairment of Receivables Value	(3,395,331)	(3,395,331)	0.0%	(444,348)	(86.9%)	(680,682)	53.2%
Deduct: Impairment of Checks Value	-	(500,000)	100.0%	(464,137)	(7.2%)	(466,785)	0.6%
Total	**55,033,421**	**41,272,658**	**(25.0%)**	**41,609,121**	**0.8%**	**31,424,351**	**(24.5%)**

Source: The Company's Audited Financial Statements and Interim Review

- The advance payments and other receivables category includes various financial items, such as accrued revenues, advance payments to suppliers, miscellaneous expenses, letters of guarantee, letters of credit, and other receivables.
- During the fiscal year 2023G, accrued revenues increased by 6.5%, followed by a further increase of 3.6% in the fiscal year 2024G. In the first half of 2025G, accrued revenues decreased by 42.8% due to timely collections. Based on inquiries, the Company has a discount agreement with SABIC, allowing it to receive discounts on raw materials if order quantities exceed agreed levels.

- In the first half of 2025G, accrued revenues decreased by (42.8%) linked to the overall increase in revenues and credit sales. The discount agreement with SABIC continued to apply, providing incentives on raw materials for orders exceeding agreed quantities.
- Advance payments to suppliers decreased significantly by 41.1% during the fiscal year 2023G, as the Company implemented strict measures to ensure the receiving of all pending goods. However, during the fiscal year 2024G, advances increased by 48.1% due to business growth. Despite adjustments to agreements with some suppliers, which does not require advance payments before receiving the goods, advance payments increased by 9.2% in the first half of 2025G due to large purchases of raw materials.
- From fiscal year 2022G, total receivables from Eagle Equipment Company Limited amounted to 2.5 million Saudi Riyals (23.4%), which decreased to 5 thousand Saudi Riyals by the fiscal year 2023G. During the fiscal year 2023G, significant receivables included 653 thousand Saudi Riyals (10.1%) from Mastoura Contracting Company Limited, 603 thousand Saudi Riyals (9.4%) from Rothenberger (Wuxi), and 600 thousand Saudi Riyals (9.3%) from Aldrees Petroleum and Transport Services Company.
- In the fiscal year 2024G, major outstanding balances included 1.5 million Saudi Riyals (16.0%) from Salalah Trading Contracting Establishment, 1.2 million Saudi Riyals (12.2%) from Salman Ali Al-Mushekih Contracting Establishment, and 0.6 million Saudi Riyals (6.6%) from Taichu Huangyan Yongmao Mold Company Limited. Notably, there were no opening balances from these three suppliers.
- In the first half of 2025G, the main balance was 1.1 million Saudi Riyals (11.4%) from Suzhou Mod Smart Equipment Company Limited, while another balance of 1.2 million Saudi Riyals (11.2%) was from Salman Ali Al-Mushekih Contracting Establishment, unchanged since the fiscal year 2024G. Other significant balances included 693 thousand Saudi Riyals (6.7%) from Foshan Best Extrusion Tech Company Limited, and 607 thousand Saudi Riyals (5.8%) from Energy Projects Support Company Limited (ENPRO).
- Letters of guarantee included both international (Egyptian) and local clients. In the fiscal year 2022G, 78% of letters of guarantee were related to clients in Egypt, mainly due to reduced export sales to Egypt. This was offset by an increase in local guarantees. In the fiscal year 2023G, the share of Egyptian guarantees fell to 47% due to Egypt's economic conditions, currency transfer restrictions, and continued decline in export sales, resulting in a 61.5% drop in total guarantees. During the fiscal year 2024G, guarantees decreased by 71.4% due to expiration of many guarantees not renewed for Gaz and Energy Company (TAQA) and Telecom Egypt Company. New guarantees related to Nat Gas Company were recorded. In the first half of 2025G, guarantees fell by 89.9%, with most related to Nat Gas Company.
- Employee loans increased by 5.0% in the fiscal year 2023G but decreased by 12.2% in the fiscal year 2024G. The fiscal year 2023G increase was due to a new policy allowing loans up to 70% of end-of-service balances. Since the fiscal year 2023G, the Company maintained a 3.4 million Saudi Riyals allowance for employee receivables, which was used in the fiscal year 2024G after write-offs. An additional allowance of 635 thousand Saudi Riyals was recorded during the year. In the first half of 2025G, employee loans increased by 5.8%.
- All letters of credit carry a 15% profit margin. Changes in letters of credit during the review period were linked to changes in imported raw material suppliers. The Company recovered amounts from checks under collection and set aside a 500 thousand Saudi Riyals allowance for checks overdue by more than one year, based on the legal department recommendations. During the fiscal year 2024G, an additional 450 thousand Saudi Riyals was reserved, and 486 thousand Saudi Riyals was recovered from old receivables. In the first half of 2025G, The Company recorded an additional allowance for all overdue checks.
- During the fiscal year 2022G, an advance payments for property and equipment were made for the UAE factory project in the "MODON" industrial city in Buraidah (Qassim), and the equipment was purchased during the year.
- During fiscal year 2023G, advance payments for the investment were linked to the acquisition of the full ownership shares of Shawcor Composite Piping Systems Middle East Company Limited for 2 million Saudi Riyals. Not all amounts were settled due to Shawcor Company not fulfilling some obligations. On 13 May 2024G, the Company acquired Shawcor Composite Piping Systems Middle East Company Limited for 2.3 million Saudi Riyals. On 27 June 2024G, the Company sold 100% of its stake in the Shawcor Composite Piping Systems Middle East Factory Limited in Al-Khobar to Marjan Fiberglass Products Factory in Dammam - Second Industrial City, for 12 million Saudi Riyals, resulting in a capital gain of 9.6 million Saudi Riyals.

7-7-7 Cash and its Equivalents

Table (88): Cash and its Equivalents

Saudi Riyals	Fiscal Year 2022G	Fiscal Year 2023G	↑↓	Fiscal Year 2024G	↑↓	First Half 2025G	↑↓
Cash at Bank	27,571,678	15,528,531	(43.7%)	8,525,491	(45.1%)	14,704,589	72.5%
Total	**27,571,678**	**15,528,531**	**(43.7%)**	**8,525,491**	**(45.1%)**	**14,704,589**	**72.5%**

Source: The Company's Audited Financial Statements and Interim Review

- Cash and its equivalents decreased by 43.7% during the fiscal year 2023G, followed by a further decline of 45.1% in the fiscal year 2024G. then increased again, with cash and its equivalents increasing significantly by 72.5% in the first half of 2025G. The Company invests surplus cash for various purposes.

7-7-8 Equity

Table (89): Details of the Company's Equity for the years 2022G, 2023G, 2024G, and the first half of 2025G:

Saudi Riyals	Fiscal Year 2022G	Fiscal Year 2023G	↑↓	Fiscal Year 2024G	↑↓	First Half 2025G	↑↓
Capital	250,000,000	250,000,000	0.0%	250,000,000	0.0%	250,000,000	0.0%
Statutory Reserve	36,213,951	39,572,847	9.3%	43,486,530	9.9%	43,486,530	0.0%
Retained Earnings	59,017,808	70,497,867	19.5%	68,221,015	(3.2%)	72,564,466	6.4%
Remeasurement Reserve for Employee Benefits Obligations	913,850	(39,907)	(104.4%)	(511,539)	1,181.8%	(511,539)	0.0%
Total Equity	**346,145,609**	**360,030,807**	**4.0%**	**361,196,006**	**0.3%**	**365,539,457**	**1.2%**

Source: The Company's Audited Financial Statements and Interim Review

Equity includes capital, retained earnings, statutory reserve, and the remeasurement reserve for defined employee benefit obligations.

- The Company's capital consists of the authorized and issued capital of 250 million Saudi Riyals, divided into 25 million shares, each with a nominal value of 10 Saudi Riyals until the fiscal year 2021G.
- On 18 January 2022G, the Capital Market Authority issued a decision regarding the Company's request to offer (2,500,000) shares, representing (10%) of its shares, in the parallel market "Nomu."
- Based on the Board of Directors' meeting minutes dated 20 September 2023G, the shares were split from a nominal value of 10 Saudi Riyals per share to 1 Saudi Riyal per share, while maintaining the Company's capital unchanged, resulting in a total of 250 million shares.
- Statutory reserve: According to the Saudi Companies Law and the Company's Articles of Association, it was required to transfer 10% of the annual net income to the statutory reserve until it reached 30% of the capital.
- During the fiscal year 2023G, the Company transferred 3.4 million Saudi Riyals to this reserve. However, under the latest amendments to the Saudi Companies Law, creating statutory reserves is no longer mandatory, and this reserve was not updated in the Company's Articles of Association; therefore, it was not transferred to retained earnings.
- Remeasurement reserve for defined employee benefit obligations: This reserve is recognized according to the actuarial valuation report.

- The Company announced the distribution of dividends for the second half of fiscal year 2024G at 0.05 Saudi Riyal per share (5%), totaling 12.5 million Saudi Riyals. This is in addition to interim dividends issued for the six-month period ending 30 June 2024G.
- The Company announced dividend distributions of 0.05 Saudi Riyal per share (5%), totaling 12.5 million Saudi Riyals for fiscal year 2024G, which were paid during the first half of 2025G.
- In the first half of fiscal year 2024G, the Company distributed dividends of 0.05 Saudi Riyal per share (5%), totaling 12.5 million Saudi Riyals.
- In fiscal year 2023G, the Company distributed dividends of 0.10 Saudi Riyal per share (10%), totaling 25.0 million Saudi Riyals.
- In fiscal year 2022G, the Company distributed dividends of 0.75 Saudi Riyal per share (7.5%), totaling 18.75 million Saudi Riyals.

7-7-9 Non-Current Liabilities

Table (90): The Company's Non-Current Liabilities for the years 2022G,2023G,2024G,and the first half of 2025G

Saudi Riyals	Fiscal Year 2022G	Fiscal Year 2023G	↑↓	Fiscal Year 2024G	↑↓	First Half 2025G	↑↓
Loans - Non-Current Portion	9,755,339	14,363,630	47.2%	13,102,473	(8.8%)	16,460,000	25.6%
End-of-Service Benefits for Employees	9,981,126	12,972,827	30.0%	15,460,436	19.2%	16,217,590	4.9%
Lease Liabilities - Non-Current Portion	2,744,015	2,680,543	(2.3%)	2,763,593	3.1%	2,400,627	(13.1%)
Total Non-Current Liabilities	**22,480,480**	**30,017,000**	**33.5%**	**31,326,502**	**4.4%**	**35,078,217**	**12.0%**

Source: The Company's Audited Financial Statements and Interim Review

Non-current liabilities include defined employee benefit obligations, long-term loans, and the non-current portion of lease liabilities. Non-current liabilities increased by 33.5% in fiscal year 2023G, followed by a 4.4% increase in fiscal year 2024G. The Company obtained a loan to expand its assets, supporting its growth in the local market and the UAE market. As of 30 June 2025G, non-current liabilities increased by 12% due to an increase in loans and advances.

7-7-10 Loans and facilities

The non-current portion consists of the loan not due for repayment within the twelve months following the end of the year. The loan was obtained from the Saudi Industrial Development Fund.

- The first installment was paid on 25 February 2024G, amounting to 2 million Saudi Riyals, while the second installment was paid on 21 August 2024G, also 2 million Saudi Riyals, and the third installment was paid on 14 February 2025G. The final installment is due on 22 December 2029G.
- The current and non-current portions of the liabilities are recognized according to the payment schedules agreed with the Saudi Industrial Development Fund. All payments made within 12 months from the end of the fiscal year are recorded as current liabilities, while the remaining liabilities are recorded as non-current debt.

7-7-11 Lease Contracts Liabilities

The lease liabilities represents the expected payments under lease agreements for the branches. These liabilities are recognized in accordance with International Financial Reporting Standard (IFRS) 16: Lease Contracts, which requires all lease contracts to be accounted for as finance leases (except for low-value leases and short-term leases).

Table (91): Lease Contracts Liabilities

Saudi Riyals	Fiscal Year 2022G	Fiscal Year 2023G	↑↓	Fiscal Year 2024G	↑↓	First Half 2025G	↑↓
Opening Balance as of 1 January	5,398,212	4,386,187	(18.7%)	4,279,559	(2.4%)	4,584,190	7.1%
Additions During the Year / Period	703,447	1,653,422	135.0%	2,046,143	23.8%	102,318	(95.0%)
Adjustments	-	126,470	100.0%	80,726	(36.2%)	26,088	(67.7%)
Lease Liabilities Paid During the Year / Period	(1,756,886)	(1,979,748)	12.7%	(2,028,661)	2.5%	(627,094)	(69.1%)
Finance Costs	41,414	184,749	346.1%	244,940	32.6%	105,866	(56.8%)
Exclusions During the Year / Period	-	(91,521)	100.0%	(38,517)	(57.9%)	(255,733)	563.9%
Total	**4,386,187**	**4,279,559**	**(2.4%)**	**4,584,190**	**7.1%**	**3,935,635**	**(14.1%)**

Source: The Company's Audited Financial Statements and Interim Review

7-7-12 End-of-Service Benefits for Employees

The Company complies with the Saudi Labor Law regarding end-of-service benefits for employees. These benefits are structured as follows:

- For employees whose service period exceeds two years but is less than five years: one-third of half their monthly salary for each full year of service.
- For employees whose service period exceeds five years but is less than ten years: two-thirds of half their monthly salary for the first five years, and one month's salary for each year of service after completing five years.
- For employees whose service period exceeds ten years: half a month's salary for the first five years, and one month's salary for each year of service after completing five years.

Table (92): End-of-Service Benefits for Employees

Saudi Riyals	Fiscal Year 2022G	Fiscal Year 2023G	↑↓	Fiscal Year 2024G	↑↓	First Half 2025G	↑↓
Balance at the beginning of the year	9,682,330	9,981,126	3.1%	12,972,827	30.0%	15,460,436	19.2%
Current service cost	336,935	2,051,731	508.9%	2,371,336	15.5%	757,154	(68.1%)
Cost and interest	152,319	449,151	194.9%	518,913	15.5%	-	(100.0%)
Actuarial loss	(137,239)	953,757	(795.0%)	471,632	(50.6%)	-	(100.0%)
Benefits paid	(53,219)	(462,938)	769.9%	(874,272)	88.9%	-	(100.0%)
Balance at the end of the year/period	**9,981,126**	**12,972,827**	**30.0%**	**15,460,436**	**19.2%**	**16,217,590**	**4.9%**

Source: The Company's audited financial statements and management information

7-7-13 Current Liabilities

Table (93): The Company's Current Liabilities for the years 2022G, 2023G, 2024G, and the first half of 2025G:

Saudi Riyals	Fiscal Year 2022G	Fiscal Year 2023G	↑↓	Fiscal Year 2024G	↑↓	First Half 2025G	↑↓
Zakat Provisions	6,771,118	7,537,035	11.3%	6,282,985	(16.6%)	3,000,000	(52.3%)
Loans – Current Portion	-	4,000,000	100.0%	4,400,000	10.0%	3,307,359	(24.8%)
Short-term Loans	-	-	-	991,250	100.0%	15,184,684	1431.9%
Trade Payables	68,158,538	83,506,330	22.5%	82,804,070	(0.8%)	115,744,284	39.8%
Lease Liabilities – Current Portion	1,642,172	1,599,016	(2.6%)	1,820,597	13.9%	1,535,008	(15.7%)
Accrued Expenses and Other Credit Balances	14,876,343	20,397,671	37.1%	27,697,079	35.8%	22,204,004	(19.8%)
Total Current Liabilities	**91,448,171**	**117,040,052**	**28.0%**	**123,995,981**	**5.9%**	**160,975,339**	**29.8%**

Source: The Company's Audited Financial Statements and Interim Review

- Current liabilities consist of Zakat provisions, the current portion of loans and facilities, the current portion of lease liabilities, trade and other payables, and payables to related parties.

7-7-14 Zakat Provision

The Company is subject to Zakat in accordance with the regulations of the Zakat, Income and Customs Authority in the Kingdom of Saudi Arabia. Any differences between the provision and the final assessment are recorded upon approval of the final assessment, when the provision is settled. The movement of the zakat provision is as follows:

Table (94): Movement of the Zakat Provision

Saudi Riyals	Fiscal Year 2022G	Fiscal Year 2023G	↑↓	Fiscal Year 2024G	↑↓	First Half 2025G	↑↓
Balance at the beginning	6,330,738	6,771,118	7.0%	7,537,035	11.3%	6,282,985	(16.6%)
Charged during the year/period	6,771,118	7,537,035	11.3%	6,282,985	(16.6%)	3,000,000	(52.3%)
Provision for previous years	-	-	0.0%	-	0.0%	(364,640)	100.0%
Paid during the year/period	(6,330,738)	(6,771,118)	7.0%	(7,537,035)	11.3%	(5,918,345)	0.0%
Balance at the end	**6,771,118**	**7,537,035**	**11.3%**	**6,282,985**	**(16.6%)**	**3,000,000**	**(52.3%)**

Source: The Company's Audited Financial Statements and Interim Review

The Zakat provision increased by 11.3% during the fiscal year 2023G and decreased by 16.6% during the fiscal year 2024G. Since no amounts were paid during the period, the Zakat provision increased by 52.3% during the first half of 2025G.

- The Company has submitted its Zakat returns to the Zakat, Income and Customs Authority up to the fiscal year ended 31 December 2024G, and has paid the dues based on the submitted returns, obtaining a certificate to that effect as of 30 April 2026G.
- During the fiscal year 2023G, the Company was subject to inspection by Zakat, Income and Customs Authority for the years 2018G to 2021G and provided the necessary inspection documents for those years.
- The Zakat, Income and Customs Authority completed the inspection for the year 2018G, and issued the final settlement return for 2018G, with Zakat differences amounting to 9,896 Saudi Riyals, which were fully paid. In 2024G, Zakat, Income and Customs Authority announced a review for the year 2023G, while the fiscal years (2019G to 2021G) remain under review.
- By the end of May 2025G, Zakat, Tax and Customs Authority completed the examination of the Company's records for the fiscal years 2019G, 2020G, 2021G, and 2023G. The review concluded with a final settlement notice, resulting in Zakat differences of 255,000 Saudi Riyals and withholding tax liability of 52,000 Saudi Riyals, both related to the fiscal year 2019G. The Company settled these amounts immediately.
- No discrepancies were noted for the fiscal years 2020G, 2021G, and 2023G, confirming the accuracy and compliance of the data submitted for those years. It is noted that the fiscal year 2022G was not included in the inspection scope, as it had been previously closed.
- Upon completion of this examination, the Company has fulfilled all its remaining Zakat and tax obligations up to the end of the fiscal year 2023G.

7-7-15 Loans

The current portion of the loan represents the part of the loan obtained by the Company from the Saudi Industrial Development Fund, which is due for repayment within 12 months after the end of the grace period. The Company has obtained two credit facility agreements to support its operations.

- Bank Albilad Facilities: 16.5 million Saudi Riyals, allocated for opening letters of credit, financing factory invoices, and purchasing vehicles. As of 31 December 2024G, 1.5 million Saudi Riyals was utilized, while 0.6 million Saudi Riyals was used during the first half of 2025G. This facility is secured by personal guarantees from the shareholders.
- Saudi Awwal Bank (SAB) Facilities: 47 million Saudi Riyals, allocated for opening letters of credit and issuing bank guarantees. Secured by a promissory note, 14.6 million Saudi Riyals was utilized during the first half of 2025G.

Table (95): Loans

Saudi Riyals	Fiscal Year 2022G	Fiscal Year 2023G	↑↓	Fiscal Year 2024G	↑↓	First Half 2025G	↑↓
Beginning Balance	-	9,755,339	100.0%	18,363,630	88.2%	17,502,473	(4.7%)
Revenues during the Year/Period	9,755,339	8,608,291	(11.8%)	3,138,843	(63.5%)	4,264,886	35.9%
Payments during the Year/Period	-	-	0.0%	(4,000,000)	0.0%	(2,000,000)	(50.0%)
Ending Balance	**9,755,339**	**18,363,630**	**88.2%**	**17,502,473**	**(4.7%)**	**19,767,359**	**12.9%**

Source: The Company's Audited Financial Statements and Interim Review

7-7-16 Trade Payables

- Accounts payable include payables to vendors and suppliers, trade payables, and VAT payable. Trade payables decreased by 22.5% during fiscal year 2023G, while the decrease was marginal at 0.8% during fiscal year 2024G.
- As of fiscal year 2022G, the company's balance payable to SABIC amounted to 63.5 million Saudi Riyals, representing 85.5% of total payables. Of this amount, 50.7 million Saudi Riyals was overdue up to 30 days, and 12.7 million Saudi Riyals was overdue between 31 and 60 days.
- By fiscal year 2023G, the company's balance payable to SABIC increased to 73.7 million Saudi Riyals, representing 88.3% of total payables. Of this amount, 29.9 million Saudi Riyals was overdue up to 30 days, and 43.8 million Saudi Riyals was overdue between 31 and 60 days.
- In fiscal year 2024G, the balance of payments slightly decreased to 71.7 million Saudi Riyals, representing 86.6% of total payables. Of this amount, 18.8 million Saudi Riyals was overdue up to 30 days, 24.5 million Saudi Riyals was overdue between 31 and 60 days, and 28.3 million Saudi Riyals was overdue between 61 and 90 days.
- As of the first half of 2025G, the balance payable to SABIC amounted to 90.9 million Saudi Riyals, representing 78.5%. It was noted that different balances had been reclassified into payables, which should be separately categorized as payables. An analysis of other major amounts is presented in the table.

7-7-17 Accrued Expenses and Other Credit Balances

- Accrued expenses and other credit balances mainly include customer advances, employee entitlements, accrued expenses, and due value-added tax (VAT).

Table (96): Accrued Expenses and Other Credit Balances

Saudi Riyals	Fiscal Year 2022G	Fiscal Year 2023G	↑↓	Fiscal Year 2024G	↑↓	First Half 2025G	↑↓
Advance payments from customers	6,620,658	10,445,345	57.8%	15,347,718	46.9%	9,310,480	(39.3%)
Accrued expenses	5,143,140	5,866,502	14.1%	5,014,857	(14.5%)	2,433,940	(51.5%)
Accrued employee expenses	2,741,415	2,756,121	0.5%	4,245,705	54.0%	10,114,610	138.2%
VAT payable	371,130	1,329,703	258.3%	3,088,799	132.3%	344,974	(88.8%)
Total	**14,876,343**	**20,397,671**	**37.1%**	**27,697,079**	**35.8%**	**22,204,004**	**(19.8%)**

Source: The Company's Audited Financial Statements and Interim Review

- As of the fiscal year 2023G, advance payments from customers increased by 57.8%, followed by a further increase of 46.9% in the fiscal year 2024G, driven by higher customer orders. advance payments decreased by 39.3% during the first half of 2025G. This change reflects the Company's policy adjustment, which requires advance payments for specific production items related to the Company's projects.
- Accrued expenses included payments for commissions, utilities such as electricity and water, social insurance, and provisions for audit and consultancy fees. The most notable change during the fiscal year 2023G was the increase in sales commissions following the adjustment of the commission policy.
- However, in the fiscal year 2024G, commissions decreased due to fluctuations in customer collections. Electricity expenses increased mainly due to adjustments in billing rates. Additionally, these expenses in 2024G included payments for a new fixed

line installed in one of the Company's factories, which is expected to provide future benefits. Accrued expenses decreased by 51.5% during the first half of 2025G.

- As of 31 December 2024G, other balances included 1.3 million Saudi Riyals related to a payment to an advisor for IPO services.
- Accrued interest on the loan granted by the Saudi Industrial Development Fund decreased by 9.6% in the fiscal year 2023G. However, no interest was recorded as payable as of 31 December 2024G. Accrued remuneration for Board members increased during the period due to no prior payments. During the fiscal year 2024G, payments to Board members were made, and the balance as of 31 December 2024G relates to current remunerations.
- Employee balances include entitlements for leave and holidays. In the fiscal year 2022G, this amounted to 2.6 million Saudi Riyals due to no outstanding obligations during the year. In the fiscal year 2023G, leave and holiday entitlements decreased to 2.4 million Saudi Riyals. By the fiscal year 2024G, these balances increased significantly to 5 million Saudi Riyals. In addition, employee balances include advances granted to them.
- The change in value-added tax (VAT) payable corresponds with the increase in sales revenue during the review period.

7-8 Cash Flow Statement

Table (97): The Company's Cash Flow Statement for the years 2022G, 2023G, 2024G, and the first half of 2025G:

Saudi Riyals	Fiscal Year 2022G	Fiscal Year 2023G	↑↓	Fiscal Year 2024G	↑↓	First Half 2024G	First Half 2025G	↑↓
Cash flows from operating activities								
Profit before Zakat	39,037,782	41,125,990	5.3%	45,419,816	10.4%	27,842,173	19,771,661	(29.0%)
Adjustments for:								
- Depreciation – Property, Plant, and Equipment	8,473,207	9,876,149	16.6%	10,618,879	7.5%	5,289,101	5,444,282	2.9%
- Depreciation – Right-of-Use Assets	1,642,172	1,759,894	7.2%	2,002,356	13.8%	928,656	892,730	(3.9%)
- Amortization of intangible assets	314,203	326,355	3.9%	327,076	0.2%	148,189	451,571	204.7%
- Financing cost	625,616	1,251,160	100.0%	485,719	(61.2%)	208,966	105,866	(49.3%)
- Profits on Sale of Investment in a Subsidiary	-	-	0.0%	(9,646,962)	100.0%	(9,646,962)	-	(100.0%)
- Provision of end-of-service benefits for employees	489,254	2,500,882	411.2%	2,890,249	15.6%	1,000,000	1,124,332	12.4%
- Losses on impairment of trade receivables	3,086,541	2,644,095	(14.3%)	11,562,980	337.3%	-	-	0.0%
- Inventory impairment value	1,500,000	-	(100.0%)	-	0.0%	-	697,482	0.0%
- Impairment of trade receivables value	(271,969)	(347,835)	27.9%	(6,534,367)	1778.6%	3,772,395	376,168	(90.0%)
- Impairment of checks in collection value	-	500,000	100.0%	450,000	(10.0%)	450,000	2,648	(99.4%)
- Impairment of amounts due from related parties' value	-	965,375	100.0%	1,703,267	76.4%	-	-	0.0%

Saudi Riyals	Fiscal Year 2022G	Fiscal Year 2023G	↑↓	Fiscal Year 2024G	↑↓	First Half 2024G	First Half 2025G	↑↓
- Utilized impairment of amounts due from related parties' value	-	-	0.0%	(7,607,747)	100.0%	-	-	0.0%
- Impairment of checks in collection value	-	-	0.0%	(485,863)	100.0%	-	-	0.0%
- Impairment of other receivable balances	-	-	0.0%	635,428	100.0%	-	236,334	100.0%
- Utilized of impairment of other receivable balances value	-	-	0.0%	(3,586,411)	100.0%	-	-	0.0%
- Profit on sale of property, plant, and equipment	-	-	0.0%	-	0.0%	-	(1,102,308)	100.0%
- Profit on disposal of right-of-use assets	-	-	0.0%	-	0.0%	-	(133,134)	100.0%
Changes in working capital:								
- Inventory	(11,654,305)	(22,684,477)	94.6%	(16,699,885)	(26.4%)	(21,977,759)	(11,033,933)	(49.8%)
- Advances and other receivables	(18,228,366)	13,260,763	(172.7%)	119,878	(99.1%)	6,514,985	9,945,788	52.7%
- Trade payables and other payables	(5,735,574)	15,347,793	(367.6%)	(701,918)	(104.6%)	19,028,772	32,940,214	73.1%
- Due from related parties	455,897	(327,031)	(171.7%)	8,150,530	(2592.3%)	1,465,844	(1,077,931)	(173.5%)
- Trade receivables, net	17,659,734	(38,835,937)	(319.9%)	(2,710,490)	(93.0%)	(6,627,383)	(33,373,292)	403.6%
- Accrued expenses and other credit balances	4,142,148	5,521,328	33.3%	7,299,408	32.2%	9,410,415	(5,493,075)	(158.4%)
Cash flows generated from operating activities	41,536,340	32,884,504	(20.8%)	43,691,943	32.9%	37,807,392	19,775,403	(47.7%)
Paid employee benefits obligations	(53,219)	(462,938)	769.9%	(874,272)	88.9%	-	(367,179)	100.0%
Zakat paid	(6,330,738)	(6,771,118)	7.0%	(7,537,035)	11.3%	(7,537,035)	(5,918,345)	(21.5%)
Net cash flows generated from operating activities	**35,152,383**	**25,650,448**	**(27.0%)**	**35,280,636**	**37.5%**	**30,270,357**	**13,489,879**	**(55.4%)**
Cash flows from investing activities								
Proceeds from sale of property and equipment	-	-	0.0%	-	0.0%	-	1,752,980	100.0%
Purchase of property and equipment	(11,591,491)	(19,412,485)	67.5%	(10,950,383)	(43.6%)	(6,883,079)	(7,837,834)	13.9%
Additions to assets under construction	(178,012)	(6,153,303)	3356.7%	(3,919,660)	(36.3%)	(2,516,187)	(3,824,117)	52.0%
Purchase of intangible assets	(109,827)	(6,350)	(94.2%)	(15,065)	137.2%	-	(690,174)	100.0%
Profit received from sale of investment in a subsidiary	-	-	0.0%	12,000,000	100.0%	12,000,000	-	(100.0%)

Saudi Riyals	Fiscal Year 2022G	Fiscal Year 2023G	↑↓	Fiscal Year 2024G	↑↓	First Half 2024G	First Half 2025G	↑↓
Net cash flows used in investing activities	**(11,879,330)**	**(25,572,138)**	**115.3%**	**(2,885,108)**	**(88.7%)**	**2,600,734**	**(10,599,145)**	**(507.5%)**
Cash flows from financing activities								
Proceeds from loans and facilities	9,755,339	8,608,291	(11.8%)	3,138,843	(63.5%)	-	4,264,887	100.0%
Payment of short-term loans	-	-	0.0%	(594,750)	100.0%	(234,113)	(435,506)	86.0%
Paid from loans and facilities	-	-	0.0%	(4,000,000)	100.0%	(2,000,000)	(2,000,000)	0.0%
Proceeds from short-term loans	-	-	0.0%	1,586,000	100.0%	1,703,096	14,586,077	756.4%
Dividends distributions paid	(12,500,000)	(18,750,000)	50.0%	(37,500,000)	100.0%	(25,000,000)	(12,500,000)	(50.0%)
Payments for lease liabilities	(1,756,886)	(1,979,748)	12.7%	(2,028,661)	2.5%	(736,875)	(627,094)	(14.9%)
Net cash flows used in financing activities	(4,501,547)	(12,121,457)	169.3%	(39,398,568)	225.0%	(26,267,892)	3,288,364	(112.5%)
Net (decrease)/increase in cash and its equivalents	**18,771,506**	**(12,043,147)**	**(164.2%)**	**(7,003,040)**	**(41.9%)**	**6,603,199**	**6,179,098**	**(6.4%)**
Cash and its equivalents at the beginning of the year/period	8,800,172	27,571,678	213.3%	15,528,531	(43.7%)	15,528,531	8,525,491	(45.1%)
Cash and its equivalents at the closing of the year/period	**27,571,678**	**15,528,531**	**(43.7%)**	**8,525,491**	**(45.1%)**	**22,131,730**	**14,704,589**	**(33.6%)**

Source: The Company's Audited Financial Statements and Interim Review

7-8-1 Cash from Operating Activities

Cash generated from operating activities:

- Decreased during the fiscal year 2023G mainly due to trade receivables; and
- Increased during the fiscal year 2024G mainly due to related parties and trade receivables.
- Decreased during the first half of 2025G due to trade receivables.

7-8-2 Cash from investing activities

Cash used in investing activities::

- Increased during the fiscal year 2023G due to capital expenditures of 25.5 million Saudi Riyals; and
- Decreased during the fiscal year 2024G mainly due to proceeds from the sale of an investment in a subsidiary.
- Increased during the first half of 2025G due to capital expenditures.

7-8-3 Cash from financing activities

Cash used in financing activities;:

- The Company distributed dividends of 12.5 million Saudi Riyals during the fiscal year 2022G, 18.7 million Saudi Riyals during the fiscal year 2023G, and 40.0 million Saudi Riyals during the fiscal year 2024G.
- During the first half of 2025G, the Company obtained new short-term loans, resulting in an increase in cash flow.

7-9 Key Performance Indicators

Table (98): The Company's Key Performance Indicators for the years 2022G, 2023G, 2024G, and the first half of 2025G:

Saudi Riyals	Fiscal Year 2022G	Fiscal Year 2023G	Fiscal Year 2024G	First Half 2025G
Sales	386,590,734	446,004,137	460,105,865	223,309,751
Net Profit	32,266,664	33,588,955	39,136,831	16,843,451
Net Profit Margin*	**8.3%**	**7.5%**	**8.5%**	**7.5%**
Gross Profit	97,887,982	107,938,462	123,655,490	55,438,132
Gross Profit Margin**	**25.3%**	**24.2%**	**26.9%**	**24.8%**
Total Assets	460,074,260	507,087,859	516,518,489	561,593,013
Return on Assets***	**7.0%**	**6.6%**	**7.6%**	**6.0%**
Total Equity	346,145,609	360,030,807	361,196,006	365,539,457
Return on Equity****	**9.3%**	**9.3%**	**10.8%**	**9.2%**
Current Assets	313,427,995	345,635,283	351,104,418	389,953,765
Current Liabilities	91,448,171	117,040,052	123,995,981	160,975,339
Current Ratio*****	**3.43**	**2.95**	**2.83**	**2.4**

Source: Audited Financial Statements and Interim Review and Management Information

The Company's current ratio decreased during the fiscal years 2023G, 2024G, and the first half of 2025G, mainly due to a decline in current loans and advances.

*Net Profit/Sales

**Gross Profit/Sales

***Net Profit/Total Assets (Calculated annually for the first quarter of 2025G)

****Net Profit/Total Equity (Calculated annually for the first quarter of 2025G)

*****Current Assets/Current Liabilities

7-10 Financing Structure

Table (99): Details of the Company's Financing Structure for the years 2022G, 2023G, 2024G, and the first half of 2025G:

Saudi Riyals	Fiscal Year 2022G	Fiscal Year 2023G	Fiscal Year 2024G	First Half 2025G
Total Liabilities	113,928,651	147,057,052	155,322,483	196,053,556
Total Debt*	9,755,339	18,363,630	18,493,723	19,767,359
Loans and Advances – Non-Current Portion	9,755,339	14,363,630	13,102,473	16,460,000
Loans and Advances – Current Portion	-	4,000,000	5,391,250	3,307,359
Cash and its Equivalents	27,571,678	15,528,531	8,525,491	14,704,589
Retained Earnings	59,017,808	70,497,867	68,221,015	72,564,466
Total Equity	346,145,609	360,030,807	361,196,006	365,539,457
Capital Structure**	**355,900,948**	**378,394,437**	**379,689,729**	**385,306,816**
Loans Ratio***	**2.7%**	**4.9%**	**4.9%**	**5.1%**

Source: Audited Financial Statements and Interim Review and Management Information

*Loans: Non-Current Portion + Current Portion

**Total Debt + Total Equity

***Total Debt / Capital Structure

Table (100): Details of the Company's Loans

Saudi Riyals	Fiscal Year 2022G	Fiscal Year 2023G	Fiscal Year 2024G	First Half 2025G
		Book Value		
Secured by:				
Saudi Industrial Development Fund	9,755,339	18,363,630	17,502,473	19,767,359
Bank Albilad	-	-	991,250	594,750
Saudi Awwal Bank (SAB)	-	-	-	14,589,934
Total Interest-Bearing Liabilities	**9,755,339**	**18,363,630**	**18,493,723**	**34,952,043**
Saudi Industrial Development Fund	9,755,339	14,363,630	13,102,473	16,460,000
Total Non-Current Portion	**9,755,339**	**14,363,630**	**13,102,473**	**16,460,000**
Saudi Industrial Development Fund	-	4,000,000	4,400,000	3,307,359
Bank Albilad	-	-	991,250	594,750
Saudi Awwal Bank (SAB)	-	-	-	14,589,934
Total Current Portion	**-**	**4,000,000**	**5,391,250**	**18,492,043**

Source: Audited Financial Statements and Interim Review and Management Information

8

Auditor's Report

8- Auditor's Report

8-1 Audited financial statements for the fiscal year ending December 31, 2022G

ALWASAIL INDUSTRIAL COMPANY
(A SAUDI JOINT STOCK COMPANY)
FINANCIAL STATEMENTS TOGITHER WITH
THE INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2022

ALWASAIL INDUSTRIAL COMPANY
(ASAUDI JOINT STOCK COMPANY)
FINANCIAL STATEMENTS
TOGETHER WITH THE INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders
Alwasail Industrial Company
(A Saudi Joint Stock Company)

Opinion:
We have audited the financial statements of the **Alwasail Industrial Company (A Saudi Joint Stock Company)** (**"the company"**) which comprise the statement of financial position as at December 31, 2022, and the statement of profit or loss and other comprehensive income, statement of changes in Shareholders equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards "IFRSs" that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for chartered and professional as endorsed Accountants (SOCPA).

Opinion Basis:
We conducted our audit in accordance with International Standards on Auditing approved in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the (Auditor's Responsibilities for the Audit of the Financial Statements) section of our report. We are independent of the Company in accordance with the rules of professional conduct and ethics approved in the Kingdom of Saudi Arabia that are relevant to our audit of the financial statements, and we have also fulfilled other requirements of professional conduct and ethics in accordance with those rules. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each key audit matter, a description of how our audit addressed the matter is set out below:

Key audit matters	How the matter was addressed in our audit
Revenue recognition: During the year ended 31 December 2022, company's revenue amounted to SAR 386.6 million (December 31,2021: SAR 303.8 million). - Increase the number of transactions. -The company continues to be under pressure to meet goals and expectations which may lead to misstatements in revenue. Revenue recognition is a key audit matter because there is a risk that management may override controls to misrepresent revenue transactions. Please refer to note No. 3 for the accounting policies and note No. 26 for the relevant disclosure on Revenue in the accompanying financial statements.	We have performed the following procedures regarding revenue recognition: - Evaluating the appropriateness of the accounting policies related to the revenue recognition of the company by taking into consideration the requirements of IFRS 15 "Revenue from Contracts with customers". - Evaluating the design, implementation and testing of the operational effectiveness of the company's control procedures. - Testing sales transactions, on a sample basis, and perform cut-off tests of revenue made at the beginning and end of the year to assess whether the revenue has been recognized in the correct period. - Testing sales transactions, on a sample basis, and verify the supporting documents, which included delivery notes signed by customers, to ensure the accuracy and validity of revenue recognition

ALKHARASHI & CO. CERTIFIED ACCOUNTANTS AND AUDITORS - PARTNERSHIP COMPANY - C.R.: 1010327044
MEMBER OF MAZARS

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INDEPENDENT AUDITOR'S REPORT (continued)

Key Audit Matters (continued)

Key audit matters	How the matter was addressed in our audit
Inventory evaluation: As at December 31, 2022, the Company's net inventory balance amounted to SAR 156.9 million (December 31, 2021: SAR 146.8 million). Inventories are shown at cost or net realizable value, whichever is lower. On the date of each report, the management takes stock inventory, reviews inventory valuation, and reduces the cost of inventory that is expected to be sold at less than cost. This has been considered as a key audit matter due to the importance of inventory balance and estimates related to quantification, availability and inventory assessment. Refer to the significant accounting policies given in Note 3 on the inventory policy, and Note 9 for more details on inventory details.	We have performed the following procedures regarding existence and valuation of inventory balance: - Attending the physical inventory count held by the company. - tests from the internal processing on the evaluation of slow moving inventory. - Test weighted average cost calculation. - Testing the correctness of measuring inventory at cost or net realizable value, whichever is lower, on a sample basis. - Evaluate the appropriateness and adequacy of the inventory disclosures in the accompanying financial statements. - For purchases items from stock including raw materials, review purchases and test supporting documents on a sample basis. - With regard to work in process and finished production, assessing the reasonableness of the costing methods used through a combination of procedures for examining internal control systems and documentary examination.
Provision for expected credit losses on trade receivables: As at December 31, 2022, the total balances of trade receivables amounted to 93.8 million SAR (2021: 111.5 million SAR), and a provision for expected credit losses was set aside in the amount of 23.3 million SAR (2021: 20.5 million SAR). The company applies the simplified method when calculating expected credit losses, in accordance with the requirements of International Financial Reporting Standard 9 - "Financial Instruments" to calculate the expected credit losses provision for trade receivables. We considered this a key audit matter because it involves complex calculations and the use of assumptions by management as well as the materiality of the amounts involved. Refer to the significant accounting policies given in note 3 on trade receivables policy, and note 6 for further details on details of trade receivables.	Our audit procedures included, among others: - Evaluate the effectiveness of the design, implementation and implementation of key controls over the following: - Recording trade receivables - A report on the aging of trade receivables - Evaluate significant assumptions, including loss rates, and those about future economic events that are used to calculate expected credit losses. -Testing the accuracy of expected credit loss models. - Evaluate the adequacy of the relevant disclosures contained in the accompanying financial statements.

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Riyadh- KSA
P.O Box. 8306, Riyadh 11482
Tel: +966 920028229
Fax: +966 11 477 4924
www.mazars.sa

INDEPENDENT AUDITOR'S REPORT (continued)

Other information:
Mangement is responsible for Our opinion on the financial statements does not cover the other information, and we do not and will not express any form of assurance about it. In connection with our audit of the financial statements, our responsibility is to read the information described above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our information obtained in the audit, or otherwise appears to be misstated. substantial. When we read the other information and conclude that there is a material misstatement therein, we are required to communicate this to those charged with governance.

Responsibilities of Management and those charged with Governance of the Financial Statements:
Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards ("IFRS") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA and the applicable requirements of the Regulations for Companies and the Company's By-Laws and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going entity, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
Those charged with governance, are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements:
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.
Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards an auditing ("ISAs") that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists.
Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional commissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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Al Kharashi & Co.
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INDEPENDENT AUDITOR'S REPORT (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued):

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going entity. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going entity.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Al-Kharashi & Co.

Abdullah S. Al-Msned
C.A. License No. (456)

Riyadh:
6 Ramadhan 1444 H
28 March 2023

الخراشي وشركاه
محاسبون و مراجعون قانونيون
C.R.: 1010327044 :س ت
Certified Accountants
& Auditors
AL-Kharashi Co.

ALWASAIL INDUSTRIAL COMPANY
SAUDI JOINT STOCK COMPANY
STATEMENT OF FINANCIAL POSITION
AS ON DECEMBER 31, 2022
(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)

	NOTE	DECEMBER 31, 2022	2021
ASSETS			
CURRENT ASSETS:			
Cash and cash equivlants	5	27,571,678	8,800,172
Trade receivables	6	70,443,947	90,918,253
Prepaid Expenses and other	7	54,437,682	37,389,256
Due from related parties	8	3,438,978	3,894,875
Inventories, Net	9	156,939,971	146,785,666
Total current assets		312,832,256	287,788,222
NON CURRENT ASSETS:			
Intangable assets	10	1,778,397	1,957,638
Projects under constructions	11	1,962,502	5,681,157
Property, Plant & Equipments, net	12	137,796,785	130,806,970
Right to use assets	13	5,108,581	6,047,306
Total non current assets		146,646,265	144,493,071
Total assets		459,478,521	432,281,293
EQUITY AND LIABILITIES			
CURRENT LIABILITIES:			
Accounts payable		68,158,538	73,894,112
Creditors and other credit balances	14	14,876,343	10,734,195
Current portion of leasing obligations	13	1,642,172	1,330,044
Zakat provision	15	6,771,118	6,330,738
Total current liabilities		91,448,171	92,289,089
NON CURRENT LIABILITIES:			
Long term loans	16	9,755,339	-
Provision lliabilty for employee benfits	17	9,385,387	9,682,330
Non-current portion of lease obligations	13	2,744,015	4,068,168
Total non current liabilities		21,884,741	13,750,498
Total liabilities		113,332,912	106,039,587
Equity :			
Share capital	18	250,000,000	250,000,000
Statutory reserve	19	36,213,951	32,987,285
Retained earnings		59,017,808	42,477,810
Gain Remeasurement Employee Benefits Plan		913,850	776,611
Total shareholders' equity		346,145,609	326,241,706
Total liabilities and partner's equity		459,478,521	432,281,293

The accompanying notes are an integral part of these financial statements.

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ALWASAIL INDUSTRIAL COMPANY
SAUDI JOINT STOCK COMPANY
PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME STATEMENT
AS ON DECEMBER 31, 2022
(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)

		FOR THE YEAR ENDED DECEMBER 31,	
	NOTE	2022	2021
Revenues	26	386,590,734	303,751,059
revenue cost		(288,702,752)	(222,113,419)
gross profit		97,887,982	81,637,640
Selling and distribution expenses	20	(37,931,014)	(31,281,885)
General and administrative expenses	21	(20,515,208)	(16,332,891)
profit from operations		39,441,760	34,022,864
financing expenses		(625,616)	(172,780)
Other income		221,638	2,872,662
Profit before zakat		39,037,782	36,722,746
zakat	15	(6,771,118)	(6,330,738)
net profit for the year		32,266,664	30,392,008
Other comprehensive income:			
Items that will not be reclassified at a later time to profit or loss			
Actuarial gains (remeasurement of employee benefit obligations)		137,239	36,165
Total comprehensive income for the year		32,403,903	30,428,173
Basic and diluted earnings per share			
Basic and diluted earnings per share (SR/share)	22	1.29	1.22

The accompanying notes are an integral part of these financial statements.

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ALWASAIL INDUSTRIAL COMPANY
SAUDI JOINT STOCK COMPANY
STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
AS ON DECEMBER 31, 2022
(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)

	Capital	Statutory reserve	Retained earnings	Actuarial gains (remeasurement of employee benefit obligations)	Total
Balance at January 1,2021	250,000,000	29,948,084	15,125,003	740,446	295,813,533
Net profit of the year	-	-	30,392,008	-	30,392,008
Actuarial gains (remeasurement of employee benefit obligations)	-	-	-	36,165	36,165
Transfer to the statutory reserve	-	3,039,201	(3,039,201)	-	-
Balance at December 31, 2021 and January 1, 2022	250,000,000	32,987,285	42,477,810	776,611	326,241,706
Dividends	-	-	(12,500,000)	-	(12,500,000)
Net profit of the year	-	-	32,266,664	-	32,266,664
Actuarial gains (remeasurement of employee benefit obligations)	-	-	-	137,239	137,239
Transfer to the statutory reserve	-	3,226,666	(3,226,666)	-	-
Balance at December 31, 2022	250,000,000	36,213,951	59,017,808	913,850	346,145,609

The accompanying notes are an integral part of these financial statements.

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ALWASAIL INDUSTRIAL COMPANY
SAUDI JOINT STOCK COMPANY
STATEMENT OF CASH FLOWS
AS ON DECEMBER 31, 2022
(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)

	FOR THE YEAR ENDED DECEMBER 31,	
	2022	**2021**
CASH FLOWS FROM OPERATING ACTIVITIES:		
net income before zakat	39,037,782	36,722,746
Adjustments to reconcile net profit to net cash generated from operating activities:		
depreciation	8,473,207	8,025,941
Amortization	314,203	311,982
Amortization of the right of use of assets	1,642,172	1,532,915
Profits from the sale of property, plant and equipment	-	(197,688)
financing costs	625,616	158,838
Impairment losses on trade receivables	3,086,541	1,549,590
Bad debts	(271,969)	(112,380)
End of service provision, component	489,254	1,422,445
Trade receivables	17,659,734	(5,055,842)
Prepaid expenses and other debit balances	(17,048,426)	(1,259,280)
Due from related parties	455,897	(71,876)
Inventory	(10,154,305)	(24,332,204)
Accounts payable	(5,735,574)	2,785,673
Creditors and other credit balances	4,142,148	(6,348,926)
Due to related parties	-	(3,178,792)
End of service provision (paid)	(648,958)	(1,841,278)
zakat paid	(6,330,738)	(5,845,605)
Net cash flow from operating activities	35,736,584	4,266,259
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions of property, plant and equipment	(11,591,491)	(3,099,524)
Additions of right to use assets	(703,447)	(636,606)
Proceeds from disposals of property, plant and equipment	-	206,097
Projects under implementation	(178,012)	(1,296,346)
intangible assets	(109,827)	(22,200)
Net cash (used in) investing activities	(12,582,777)	(4,848,579)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Reimbursed from the lease commitment	(1,637,640)	(1,698,474)
Recipient of Long-term loans	9,755,339	-
Paid dividends	(12,500,000)	-
Paying off short-term loans	-	(5,770,965)
Net cash (used in) financing activities	(4,382,301)	(7,469,439)
net increase (decrease) in cash	18,771,506	(8,051,759)
cash at the beginning of the year	8,800,172	16,851,931
cash at the end of the year	27,571,678	8,800,172
Non-cash flow		
Transfers from projects in progress to fixed assets	3,896,667	-

The accompanying notes are an integral part of these financial statements.

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Alwasail Industrial Company
Saudi Joint Stock Company
Notes To the Financial Statements
As At December 31,2022
(All amounts in Saudi Riyals unless otherwise stated)

1. THE COMPANY AND NATURE OF ITS BUSINESS:

The Industrial Agriculture Company (the "Company") was registered as a Saudi joint stock company in the city of Buraidah, commercial registration No. 1131002483 dated 3/29/1400, and license No. 97, dated 2/24/1410, renewed with No. 1818/R, dated 3/4/1433, renewed No. 2343, dated 7/28/1436.

The company's activity is represented in the wholesale sale of plastic materials, rubber and synthetic fibers.

Corresponding to 28/03/1443 corresponding to 3/11/2022, the Capital Market Authority issued a decision on the issuer on the company's request and offering (2,500,000) shares representing (10%) of its shares in the parallel market "Nomu"

On 06/15/1443 (corresponding to 01/18/2022), 10% (2,500,000 shares) of the company's shares were listed and started trading in the parallel Saudi Stock Exchange "Nomu" under the symbol (9525).

The attached financial statements include the following accounts of the company and its branches inside and outside the Kingdom:

Number of record	location	Name	date
101018655	Riyadh	Alwasail industrial Company Branch	1424/03/13
1011012952	Kharj	Alwasail industrial Company Branch	1430/01/22
1123001161	Zulfi	Factory of alwsail industrial for irrigation systems company	1420/04/05
1131009107	Buraidah	Factory of alwsail industrial	1411/07/15
1131014314	Buraidah	The Saudi Factory for Rubber Products, a branch of AlWasail	1419/03/12
1131028052	Buraidah	Alwasail industrial Company	1430/02/08
1131057343	Buraidah	Alwasail industrial Company	1438/04/06
1131310613	Buraidah	Factory of alwsail industrial branch	1442/05/22
1131321747	Buraidah	Alwasail industrial Company Branch	1443/11/14
1185001973	Wadi aldwasr	Factory of alwsail industrial for irrigation systems company	1423/10/24
2050022409	Dammam	Factory of alwsail industrial for irrigation systems company	1412/07/30
3350011868	Hail	Factory of alwsail industrial for irrigation systems company	1415/06/04
3400007912	Skaka	Factory of alwsail industrial for irrigation systems company	1416/04/25
3550013583	Tabouk	Factory of alwsail industrial for irrigation systems company	1416/09/03
4030185911	Jeddah	Alwasail industrial Company	1430/01/28
4031098380	Makkah	Alwasail industrial Company	1438/03/21
4032022430	Taif	Factory of alwsail industrial for irrigation systems company	1422/08/12
4650027803	Madina	Factory of alwsail industrial for irrigation systems company	1419/11/28
4651002121	Ula	Alwasail industrial Company	1436/11/01
5855055736	Khamis mashid	Alwasail industrial Company	1434/11/09
5900008328	Jazan	Factory of alwsail industrial for irrigation systems company	1428/01/30
5950006519	Najran	Factory of alwsail industrial for irrigation systems company	1420/03/12
CN-2760638	United arab emarites	Alwasail industrial Company- abu dhabi	2019/02/02

Company Address

The company's main address is: 3806 Qassim - Riyadh Road- - Madinah Expressway - Yarmouk District Unit No. 16 Buraydah 52315-6331

Alwasail Industrial Company
Saudi Joint Stock Company
Notes To the Financial Statements
As At December 31,2022
(All amounts in Saudi Riyals unless otherwise stated)

2. THE FAOUNDATIONS OF PREPARATION:

Statement of commitment

The company's financial statements were prepared in accordance with the international standards of the financial report adopted in Saudi Arabia and other standards and issues issued by the Saudi Association of Chartered Auditors And Accountants.

Accounting basis

The financial statements have been prepared on the historical cost basis and using the accrual basis and the going concern concept, except for investments held for trading, investments available for sale which are measured at fair value and investments in associates which are accounted for under the equity method. Employee benefits are measured at the discounted present value. The accounting policies used are set out below.

Display currency and activity

The financial statements are prepared in Saudi riyals, which is the presentation and activity currency for the company. All figures have been rounded to the nearest riyal, unless otherwise indicated.

3. SIGNIFICANT ACCOUNTING POLICIES:

New standards, amendments to standards and interpretations:

The company has adopted the following new standards and amendments for the first time, as of January 1, 2022:

Amendments to IFRS 3 and IAS 16 and IAS 37

- IFRS 3, "Business Combinations" Updates a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- IAS 16, "Property, plant and equipment" prohibits a company from deducting from the cost of property, plant and equipment amounts received from the sale of produced items as the company prepares the asset for its intended use. Instead, the Company will recognize such sales proceeds and related costs in the statement of profit or loss.
- IAS 37, "Provisions, Liabilities and Contingent Assets" specifies the costs that a company includes when presenting whether a contract will cause a loss.
- The application of these amendments does not have any material impact on the financial statements during the year.

Standards issued that have not yet been applied

The following is a statement of the new standards and amendments to the applicable standards for the years on or after January 1, 2023 AD, with early application permitted, but the company did not apply them when preparing these financial statements.

Amendments to IAS 1, Presentation of Financial Statements on Classification of Liabilities.

These narrowly defined amendments to IAS 1, Presentation of Financial Statements, clarify that liabilities are classified as current or non-current, depending on the rights that exist at the end of the reporting period. The rating is not affected by the entity's expectations or by events after the reporting date (eg, receipt of a waiver or breach of a covenant). The amendment also clarifies what IAS 1 means when it refers to the "settlement" of an obligation.

Amendments to IAS 1, Practice Statement 2 and IAS 8

The amendments aim to improve accounting policy disclosures and help users of financial statements distinguish between changes in accounting estimates and changes in accounting policies.

Amendments to IAS 12 Deferred Tax relating to assets and liabilities arising from a single transaction

These amendments require companies to recognize deferred tax on transactions that, on initial recognition, result in equal amounts of deductible and taxable temporary differences.

Alwasail Industrial Company
Saudi Joint Stock Company
Notes To the Financial Statements
As At December 31,2022
(All amounts in Saudi Riyals unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (continued):

property, plant and equipment

Property, plant and equipment owned to be used in the production or supply of goods or services or used for administrative purposes are stated at cost less accumulated depreciation and/or accumulated impairment losses, if any. The land is shown at cost and is not depreciated

Cost includes the cost of replacing parts of property, plant and equipment. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognizes such parts as individual assets with finite useful lives that are depreciated accordingly. All other repair and maintenance costs are recognized in the income statement as incurred as a period expense. Properties in the course of construction for production, supply or administrative purposes are stated at cost less any recognized impairment losses. The cost includes professional fees, and for qualifying assets, borrowing costs are capitalized. These properties are classified in the appropriate category of property, plant and equipment when they are completed and prepared for their intended use. Depreciation begins on these assets when the assets are ready for their intended use.

Depreciation is based on a straight line basis over the estimated useful life of the assets at the following annual rates:

Item	Consumption Percentage
Buildings and construction	3%:5%
Machinery and equipment	5%:15%
Grout templates	10%
Tools	10%: 20%
Motor vehicles	25%
Furnitures and fixtures	10%: 20%
office equipment	15%
Security devices	5%

An item of equipment and machinery is derecognised upon disposal or when no future economic benefit is expected from its use or disposal. The gain or loss resulting from the disposal of the asset (calculated on the basis of the difference between the net sale proceeds and the book value of the asset) is included in the income statement when the asset is disposed of.

The residual value, useful lives and methods of depreciation of property, plant and equipment are reviewed at the end of each fiscal year and adjusted prospectively, if appropriate.

intangible assets:

Intangible assets are measured at cost less accumulated amortization and accumulated impairment losses (if any).

Intangible assets are amortized on a straight line basis over their economic life at 10%.
Subsequent expenditures are capitalized only when it is probable that the future economic benefits associated with the expenditures will flow to the group and the expenditures can be measured reliably.

The residual values of intangible assets, their useful lives and indicators of impairment in value are reviewed at the end of each financial year and adjusted prospectively if necessary.

Alwasail Industrial Company
Saudi Joint Stock Company
Notes To the Financial Statements
As At December 31,2022
(All amounts in Saudi Riyals unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (continued):

Right to use assets:

The Company recognizes a right-of-use asset on the commencement date of the lease (ie the date on which the asset is usable).

The right-of-use asset is recognized at cost, less accumulated depreciation and impairment losses, and the value is adjusted when the lease liability is revalued.

The cost of a right-of-use asset includes the value of the lease obligations recognized, plus initial direct costs incurred and lease payments made on or before the commencement date of the lease, less any lease incentives received. In the event that the company is not certain of obtaining ownership of the leased asset at the end of the contract term, the value of the right to use the recognized asset is amortized on a straight line basis over the useful life of the asset or the lease term, whichever is less. Right-of-use assets are subject to impairment testing.

Lease Contract Obligations:

On the commencement date of the lease, the Company recognizes the lease obligations at the present value of the lease payments to be paid during the term of the contract. Lease payments include fixed payments (which include payments in substance that are fixed rent payments) minus accrued rent incentives, variable rent payments that depend on indicators or rates agreed upon in accordance with the terms of the contract, and amounts expected to be collected under residual value guarantees.

The lease payments also include the value payable upon exercise of the purchase option that the company is certain to exercise and the amount of penalties for terminating the lease, if the company intends to exercise the termination option in accordance with the terms of the contract.

Variable lease payments that depend on indicators or rates agreed upon in accordance with the terms of the contract are recognized as expenses in the period in which the event or condition that leads to the payment of those amounts occurs. The start of the lease if the interest rate implicit in the lease is not determinable. Subsequently, the lease obligations are increased by the value of the accrued interest and reduced by the value of the actual lease payments.

In addition, the carrying amount of the lease obligations is re-measured if there is any modification or change to the lease term, or when there is any change in the payments in the substance of which are fixed lease payments, or when the valuation changes related to the purchase of the asset.

Short-term leases and leases of low-value assets:

The company applies the exemption related to the recognition of short-term lease contracts on some short-term lease contracts (ie: lease contracts that have a term of 12 months or less from the start date and do not include the option to purchase the asset) and the company also applies the exemption related to leases of low-value assets on some Lease contracts for assets considered to be of low value. Lease payments for short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis over the term of the lease.

Extension and Termination Options

In determining the term of a lease, management takes into account all facts and circumstances that are an economic incentive to exercise an extension option, or to deliberately exercise an option to terminate, an extension option (or periods following termination options) is included in the lease term only if the lease is reasonably certain. (or not terminated). The Company assesses the beginning of the lease whether it is reasonably certain to use the extension option. The company reassesses whether it is reasonably certain to use the options if there is a significant event or change in circumstances that can be controlled.

Alwasail Industrial Company
Saudi Joint Stock Company
Notes To the Financial Statements
As At December 31,2022
(All amounts in Saudi Riyals unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (continued):

Impairment of non-financial assets:

Assets subject to depreciation are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss must be recognized in the income statement for an amount whose carrying amount exceeds the recoverable amount. The recoverable amount is the asset's fair value less cost to sell or value in use, whichever is higher. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash flows (cash-generating units). The prior impairment of non-financial assets (other than goodwill) is reviewed for potential repercussions at each reporting date.

Inventory

The value of the inventory is estimated at cost price or net realizable value, whichever is lower, and the cost of inventory is determined using the weighted average method. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs to sell. The cost of finished goods and work in progress includes raw materials, direct labour, other direct costs and related production overheads. It is shown for inventory, net of deduction for idle goods (the provision is calculated after studying the components of the entire inventory).

Provision for slow moving inventory

Management makes provision for obsolete and slow moving inventories. Estimates of the net recoverable value of inventories are based on the most reliable evidence at the time the estimates were used. These estimates take into account fluctuations in prices or costs directly related to events occurring after the date of the statement of financial position to the extent that the conditions of these events exist as at the end of the year.

Cash and cash equivalents

Includes cash and cash equivalents to cash at banks, cash in hand and other short-term deposits with maturities of three months or less, and which are subject to an insignificant risk of change in value.

Trade Receivables

The amounts due from customers for goods sold or services performed in the normal business context are represented. Debtors are proven to be the value of the original invoice minus the amount of doubtful amounts. An estimate of doubtful debts is made when there are fundamental doubts that the full amount cannot be collected. Bad debts are written off when there is no possibility of recovery.

Payables

Liabilities are recognized for amounts to be paid in the future for services or goods received, whether or not invoiced by the supplier.

Funding Elements

The Company does not currently have or foresee any contracts with customers on routine sales or products in which the period between the transfer of the promised products or services to the customer and the payment of the customer is greater than one year. As a result, the Company does not currently make an adjustment to any transaction prices regarding the time value of money. However, if any such situation is determined to exist, the relevant amounts are re-measured in order to adjust the time value of money.

Alwasail Industrial Company
Saudi Joint Stock Company
Notes To the Financial Statements
As At December 31,2022
(All amounts in Saudi Riyals unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (continued):

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the underlying asset.

All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurred in connection with the borrowing of funds.

financial assets

Initial recognition and measurement:

Financial assets are initially recognized at fair value plus transaction costs directly attributable to the purchase of the financial asset, in the case of financial assets not carried at fair value through profit or loss.

Post-measurement:

Financial assets are subsequently measured at fair value through profit or loss at amortized cost or fair value through other comprehensive income. The classification is based on two criteria: the Group's business model for managing the assets and whether the contractual cash flows of the instruments represent "exclusive payments of principal and interest" on the principal outstanding (the exclusive payments of principal and interest criterion).

Financial assets carried at amortized cost:

This category is the most important for the company. The Company measures a financial asset at amortized cost that is held within a business model for the purpose of owning the financial assets in order to collect contractual cash flows that meet the criterion of exclusive payments of principal and interest. This category includes trade and other receivables of the company and loans included in other non-current financial assets.

stop recognizing:

Recognition of financial assets (or, where applicable, part of a financial asset or part of a group of similar financial assets) (ie removed from the company's statement of financial position) depends primarily when:

The rights to receive cash flows from the asset have expired or

- The Company transfers its rights to receive cash flows from the asset or assumes an obligation to pay the received cash flows in full without material delay to a third party under "spot arrangements", when:

  A. the Company has transferred substantially all the risks and rewards of the asset;
  B. the Company has not transferred or retained substantially all the risks and rewards of the asset but has transferred control of the asset.

And company continues to recognize the transferred asset to the extent that it continues to deal with it. In that case, the Company also recognizes the associated obligation. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained. Continuity of dealing that takes the form of a guarantee on the transferred asset is measured by the original book value of the asset or the maximum amounts that the company may be required to pay, whichever is lower.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued):

Impairment of financial assets

IFRS 9 requires the company to record an allowance for expected credit losses for all loans and other debtor financial assets not carried at FVTPL.

Expected credit losses are calculated based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the company expects to receive, then discounting the deficit close to the original effective interest rate of the asset.

With regard to trade and other receivables, the company applied the simplified standard method, and calculated future credit losses based on lifetime expected credit losses.

The Company has set aside a custom schedule that is based on the Company's past experience of credit loss, and is adjusted for the specific expected elements of debtors and the economic environment.

For other debtor financial assets, the expected credit loss is calculated based on the 12-month expected credit loss. 12-month ECL is the portion of lifetime ECL that arises from defaults on a financial instrument contingent within 12 months after the date of the financial statements. However, when there has been a significant increase in credit risk since its inception, the provision will be calculated based on lifetime ECL.

The company considers defaults on a financial asset when it is 90 days past due. However, in certain cases, the Company may also consider defaults on a financial asset when internal or external information indicates that the Company is unlikely to receive in full the unpaid contractual amounts without taking into account any credit enhancements the Company maintains.

Financial obligations:

Initial recognition and measurement:

Financial liabilities are classified, upon initial recognition, as financial liabilities at fair value through profit or loss and loans and accounts payable, as appropriate. All financial liabilities are initially recognized at fair value and, in the case of loans and accounts payable, net of directly related transaction costs.

The company's financial liabilities include business and other payables and loans.

Post-measurement:

The financial liability is subsequently measured at amortized cost.

stop recognizing:

The recognition of financial liabilities ceases when the obligation under the liability is discharged, canceled or expires. When another financial liability is replaced by an existing one from the same lender on substantially different terms, or the terms of the existing obligations are substantially modified, such change or modification is considered to be the derecognition of the original liability and the recognition of a new liability. The difference in the carrying amounts is recognized in the statement of profit or loss and other comprehensive income.

Financial Instruments Clearing

Financial assets and financial liabilities are offset, and the net amounts are disin the statement of financial position when there is a current legally enforceable right to set off the recognized amounts.

Provisions

Provisions are recognized when the Company has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and can be measured reliably. Provisions are reviewed at each reporting date and adjusted to reflect current best estimates.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued):

potential obligations

Contingent liabilities are dis when the company has a contingent liability as a result of a past event whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events that are not entirely within the control of the company, or the company has present legal or constructive obligations arising from events precedent, However, it is not likely that an outflow of resources embodying economic benefits will be required to settle the obligation or that the amount of the obligation cannot be measured reliably enough.

Impairment of non-financial assets

The Company assesses at each reporting date whether there is any indication that non-financial assets may be impaired. If there is such an indication, or when it is necessary to examine the impairment of the asset annually, the company estimates the recoverable value of the asset. An asset's recoverable amount is the higher of the asset's or cash-generating unit's fair value less costs to sell or value in use, and is determined for each asset separately, unless the asset does not generate cash inflows that are largely independent of the cash inflows of other assets or group of assets. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation method is used. These accounts are verified using valuation multiples, quoted share prices for publicly traded entities, or any other available fair value indicators.

Impairment losses from continuing operations are recognized in profit or loss within expense categories consistent with the function of the impaired assets.

For assets other than goodwill, an assessment is made at each reporting date whether there is any indication that previously recorded impairment losses may no longer exist or have decreased in value. If any such indication exists, the company estimates the recoverable amount of the asset or cash-generating unit. A previously recognized impairment loss is not reversed unless there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. This reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount or the book value that would have been determined, after deducting depreciation, had no impairment loss been calculated for the asset during previous years. This reversal is included in the profit or loss. Impaired non-financial assets other than goodwill are reviewed for possible reversal of the impairment at the end of each reporting period.

Employee benefits

The company's employee benefits include monthly contributions to the General Organization for Social Insurance and the end-of-service benefits program in accordance with the requirements of regulations in the Kingdom of Saudi Arabia.

fair value measurement

Fair value is the price that would be received to sell an asset or paid to settle a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. When estimating the fair value of assets or liabilities, the company takes into account the characteristics of the assets or liabilities if market participants take these characteristics into account when pricing the assets or liabilities on the measurement date. The fair value for measurement or disclosure purposes, or both, is determined in these financial statements on this basis, with the exception of share-based payment transactions that fall within the scope of IFRS No. (2).and lease transactions that fall within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as the net realizable value in IAS 2 or the value used in IAS No. 36).

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3. SIGNIFICANT ACCOUNTING POLICIES (continued):

fair value measurement (continued)

In addition, for the purposes of financial reporting, fair value measurements are categorized into the first, second, or third level on the basis of the degree of observation of the inputs to the fair value measurements, and the importance of the inputs to the fair value measurement in their entirety, which are described as follows:

- Level one inputs are prices (unadjusted) that are traded in active markets for identical assets or liabilities that the entity has access to at the measurement date.
- The second level inputs are the inputs - other than the current prices listed in the first level - that are observed for assets or liabilities, whether directly or indirectly.
- Level 3 inputs are the unobserved inputs for assets or liabilities.

Provisions

Provisions are recognized when the company has a present obligation (legal or constructive) arising from past events, and it is likely that it will lead to an outflow of resources that include economic benefits that will be required to settle the obligation, and the amount of the obligation can be estimated reliably. Some or all of any provision, compensation is recognized as a separate asset only if the compensation is actually certain. Expenses related to any provision are presented in the income statement, net after deducting any compensation.

If the effect of the time value of money is material, provisions are discounted using the current pre-tax rate that reflects, as appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a financial cost.

A - General Organization for Social Insurance

The monthly contributions of the General Organization for Social Insurance (independent entity) are classified as a defined contribution program. The company recognizes its share of the fixed contributions to the General Organization for Social Insurance every month as expenses. The Company has no legal or constructive obligation to pay any other contributions, and its only obligation is to pay the contributions as they are due.

b- End of service benefits for employees

The Company's end of service benefits program is classified as a defined benefit plan. This program is considered unfunded, and the liability recognized in the statement of financial position related to the defined benefit end-of-service benefit program is represented by the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by an independent actuary using the unit estimation method.

Actuarial gains and losses arising from actuarial assumptions are recognized in the statement of other comprehensive income in the period in which they arise. Past service costs, current service costs and net interest are recognized immediately in the income statement.

revenue recognition

Revenue from sales is recognized when goods are delivered and services are rendered to customers. Revenue from sales of goods is recognized based on a five-step model as defined in IFRS 15:

Step 1: Defining the contract with the customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets standards that must be met.

Step 2: Determine the performance obligations in the contract: A performance obligation is a promise with the customer to transfer a good or service to the customer.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued):

revenue recognition (continued)

Step 3: Determine the transaction price: the transaction price is the amount of consideration that the company expects to be entitled to in exchange for transferring the promised goods or services to the customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that contains more than one performance obligation, the company will allocate the transaction price to each performance obligation in an amount that determines the amount of consideration that the company makes that determines the amount of consideration that the company expects to receive in exchange for fulfillment With every performance commitment.

Step 5: Recognize revenue when (or as) the entity satisfies the performance obligation

zakat

Zakat is calculated and recognized in the income statement for each financial period separately in accordance with the regulations of the Saudi General Authority for Zakat and Income. The zakat provision is settled upon receipt of the final zakat assessment. The differences between the zakat provision and the final assessment made by the General Authority for Zakat and Income is credited to the income statement account at the time of receiving the final zakat assessment.

foreign currency

Transactions in foreign currencies are converted into Saudi riyals at the exchange rate prevailing on the date of the transactions. Monetary assets and liabilities in foreign currencies are converted into Saudi riyals at the exchange rates prevailing at the reporting date. Differences arising from the settlement of monetary items or their translation are recognized in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates prevailing at the date of determining the fair value. The fair value of the item (that is, for items for which the gains or losses of changes in the fair value are transferred to the comprehensive income statement or the income statement, the translation differences related to them are transferred to the comprehensive income statement or the income statement, respectively)

Selling and distribution expenses

These are the expenses resulting from the firm's efforts incurred in selling and distributing the company's products/services. All expenses other than the cost of sales and finance charges are classified as general and administrative expenses.

General and administrative expenses

They are those expenses related to management, which are not related to the production function or the selling and distribution function in accordance with the accounting principles issued by the Saudi Organization for Certified Public Accountants. These costs are distributed between the cost of revenues, and administrative and general expenses, if necessary, in a regular manner.

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4. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS:

The preparation of the company's financial statements requires management to make judgments, estimates and assumptions that affect the dis amounts of revenues, expenses, assets and liabilities and to disclose potential liabilities at the date of the financial statements. However, uncertainty about these assumptions and estimates may result in results that may require a material adjustment to the carrying amount of the affected assets or liabilities in the future. Other disclosures related to the company's risks and uncertainties include the following:

Capital management.

Financial risk management objectives and related policies.

Information about material estimations, uncertainties and estimates used in applying accounting policies (which have the most significant effect on the amount recognized in the financial statements) includes, in particular, the following:

The Company uses a provisioning schedule to calculate the expected credit losses for its trade accounts receivable. Provision rates are calculated based on days past due for groups of different customer segments with similar loss patterns (ie by geographic segment, product type, customer type and rating).

These estimates and assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying amounts of assets and liabilities that are not readily apparent from other sources. Estimates and underlying assumptions are constantly revised.

Adjustments to accounting estimates are recognized in the period in which the estimates are modified or the period of revisions and future periods if the estimates that have been changed affect the current and future periods.

Impairment of trade receivables

The provision schedule is initially computed based on the Company's historical observable rates of delinquency. The company will calibrate the table in order to adjust the experience of historical credit losses with the expected information. For example, if expected economic conditions (such as GDP) are expected to deteriorate over the next year, which could result in an increasing number of defaults in the food sector, Historical rates of delinquency are adjusted. At each financial statement date, historical observable rates of delinquency are updated and changes in forecast estimates are analyzed. An assessment of the relationship between historical observable rates of delinquency and expected economic conditions and expected credit losses represents an estimate. The amount of ECL is sensitive to changes in conditions and expected economic conditions. The Group's historical credit loss experience and expected economic conditions may also not represent a default by customers in future payments.

Decrease in the value of the merchandise

Goods are stated at cost and net realizable value, whichever is lower. When inventories become obsolete, an estimate is made of their net realizable value. For amounts individually significant, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the type of merchandise and the degree of aging or obsolescence based on expected selling prices.

Production business of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date based on the expected usage of the assets. Uncertainties in these estimates relate to technical obsolescence that may alter the use of certain software and equipment.

Depreciation of non-financial assets

Impairment is achieved when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount/value, which represents its fair value/value less costs to sell and its value/value in use, whichever is higher. The fair value less costs of selling account is calculated based on available data from binding sales transactions, on an arm's length basis, for similar assets or observable market prices less incremental costs of selling the asset.

Value in use is calculated based on a discounted cash flow model and does not include restructuring activities that are not yet obligatory on the Group or significant future investments that would enhance the asset performance of the cash-generating unit being tested for impairment. The recoverable amount is sensitive to the discount rate used in the discounted cash flow method as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

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(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)

5. CASH AND CASH EQUIVALENTS:

	December 31,	
	2022	2021
total	27,571,678	8,800,172

6. TRADE RECEIVABLES:

	December 31,	
	2022	2021
Trade Debtors	93,794,788	111,454,522
Expected Credit Loss Allowance	(23,350,841)	(20,536,269)
Trade receivables, net	70,443,947	90,918,253

The aging of the accounts receivable was as follows:

	2022	2021
From zero - 30 days	27,345,329	30,691,072
From 31-90 days	21,849,304	30,181,190
From 91-180 days	7,020,243	12,614,434
From 181-270 days	4,513,493	4,256,079
From 271-360 days	5,434,625	7,501,791
More than 360 days	27,631,794	26,209,956
Total	93,794,788	111,454,522

The company records a provision for expected credit losses based on the aging of overdue receivables, and this provision increases when the receivables become more overdue and where historical experience indicates that the possibility of an increase in the irrecoverable amounts with the increase in the life of receivables.

	2022	2021
At 1 januray	20,536,269	19,099,059
Component during the year	3,086,541	1,549,590
User during the year	(271,969)	(112,380)
	23,350,841	20,536,269

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ALWASAIL INDUSTRIAL COMPANY
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NOTE 7 - :Prepaid Expenses and other

	December 31,	
	2022	2021
Accrued Revenue	21,242,471	15,912,658
Advance payments to suppliers	10,911,608	8,201,885
Letters of Guarantee	10,907,574	7,084,946
Advance payments for the purchase of property and machinery	5,371,337	-
Petty cash	4,151,525	4,158,591
Employee loans	3,242,729	3,440,994
Checks under collection	1,076,461	1,076,461
Letters of credit	913,308	151,679
value added tax	-	741,373
Safeguards for others	16,000	16,000
	57,833,013	40,784,587
Provision for debit balances	(3,395,331)	(3,395,331)
	54,437,682	37,389,256

The movement in the allowance for doubtful debts for receivable

	2022	2021
Balance on January 1	3,395,331	3,202,982
Custom Adapter (Re-tab)	-	192,349
	3,395,331	3,395,331

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ALWASAIL INDUSTRIAL COMPANY
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8. RELATED PARTIES:

The company deals, during its normal activities, with parties that are related parties, and they are companies owned or represented by members of the company's board of directors or who have influential shares in its capital (sister companies), and they include mutual services. Shown is not subject to commission and there are no specific terms of payment.

Due from related parties:

	Relation Nature	Transaction's nature	Transactions during the year		December 31,	
			debit	credit	2022	2021
Ldayn company (Limited Company)	Itercompany	Acting expenses	142,489	598,386	991,034	1,446,931
AI.Wsaiel Construction means company (Limited Company)	Itercompany	Acting expenses	-	-	7,387,049	7,387,049
					8,378,083	8,833,980
(Provision for doubtful debts)					(4,939,105)	(4,939,105)
					3,438,978	3,894,875

9. INVENTORY, NET

	December 31, 2022	December 31, 2021
Ready made goods	115,330,116	72,670,234
Raw materials	39,014,039	71,823,301
Goods under manufacture	7,013,381	5,653,185
Spare parts	4,550,380	8,638,554
packaging materials	1,534,869	1,800,966
total stock	167,442,785	160,586,240
provision for idle and slow moving inventory	(10,502,814)	(13,800,574)
NET	156,939,971	146,785,666

The following is a summary of the movement in the allowance for slow moving inventorie:

	December 31, 2022	December 31, 2021
Balance on January 1	13,800,574	13,800,574
component during the year	1,500,000	-
Custom Adapter (Re-tab)	(4,797,760)	-
On december 31	10,502,814	13,800,574

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ALWASAIL INDUSTRIAL COMPANY
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10. INTANGABLE ASSETS

Intangible assets are represented in Microsoft Dynamics software for accounts and warehouse management and other utilities, hardware and servers.

	December 31,	
	2022	2021
The Cost:		
Balance on January 1	3,121,676	3,099,476
Additions	109,827	22,200
Transfers	668,638	-
Balance on December 31	3,900,141	3,121,676
Amortization:		
Balance on January 1	1,164,038	852,056
Amortization the year	314,203	311,982
Transfers	643,503	-
Balance on December 31	2,121,744	1,164,038
	1,778,397	1,957,638

11. PROJECTS UNDER CONSRUCTION

	December 31,	
	2022	2021
Buildings and constructions	-	3,718,655
RTP, MICRODUCT . Production line	1,962,502	1,962,502
December 31 balance	1,962,502	5,681,157

The movement on the account of projects under implementation is as follows:

Balance on January 1	5,681,157	12,143,130
Additions during the year	178,012	1,296,346
Transfers to buildings and structures	(3,896,667)	(7,758,319)
Balance December 31	1,962,502	5,681,157

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12. PROPERTY, PLANT & EQUIPMENTS :

	Land	Buildings	Machinery and equipments	Grout templates	Tools	Furnitures and fixtures	office equipment	Motor vehicles	Security	Total	2021
Cost:											
At January 1, 2022	53,302,500	61,997,262	157,652,066	24,352,299	6,646,552	3,366,398	7,624,581	21,560,484	1,458,734	337,960,876	327,979,873
Additions	-	4,500	7,749,613	561,901	219,665	2,988	452,345	2,284,704	315,775	11,591,491	3,099,524
Disposals	-	-	-	-	-	-	-	-	-	-	(876,839)
Transfers	-	(1,911,914)	(7,300,606)	-	3,492,298	(283,629)	(265,463)	5,342,063	258,613	(668,638)	-
Convertible to projects on progress	-	3,896,667	-	-	-	-	-	-	-	3,896,667	7,758,319
At December31,2022	53,302,500	63,986,515	158,101,073	24,914,200	10,358,515	3,085,757	7,811,463	29,187,251	2,033,122	352,780,396	337,960,877
Depreciation:											
At January 1, 2022	-	29,829,508	118,126,805	22,852,575	5,242,784	3,332,125	7,188,914	19,822,338	758,858	207,153,907	199,996,396
Depreciation	-	1,802,695	4,844,811	266,486	394,482	13,105	197,707	878,501	75,420	8,473,207	8,025,941
Depreciation Related to disposals	-	-	-	-	-	-	-	-	-	-	(868,430)
Transfers	-	(1,779,397)	(5,378,082)	-	2,407,373	(344,064)	(441,754)	4,635,333	257,088	(643,503)	-
At December31,2022	-	29,852,806	117,593,534	23,119,061	8,044,639	3,001,166	6,944,867	25,336,172	1,091,366	214,983,611	207,153,907
Net book value:											
At December31,2022	53,302,500	34,133,709	40,507,539	1,795,139	2,313,876	84,591	866,596	3,851,079	941,756	137,796,785	
At December31,2021	53,302,500	32,167,754	39,525,261	1,499,724	1,403,768	34,273	435,667	1,738,146	699,876		130,806,970

		At December31 2022	At December31 2021
Cost of Revneus :		6,549,481	6,396,141
Genreal and Administration expenses:	20	961,863	814,900
Selling and distribution expenses:	21	961,863	814,900
		8,473,207	8,025,941

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13. RIGHT TO USE ASSETS, NET AND LEASE LIABILITIES:

	2022	2021
Cost:		
Balance on January 1	10,384,585	6,371,189
Additions	703,447	4,013,396
Balance at December 31	11,088,032	10,384,585
Accumulated Depreciation		
Balance on January 1	4,337,279	2,804,364
bearer of the year	1,642,172	1,532,915
Balance at December 31	5,979,451	4,337,279
Net book value		
Balance at December 31	5,108,581	6,047,306

Right to use commitment

	2022	2021
Balance on January 1	5,398,212	3,561,058
Additions	703,447	3,376,790
Payable during the year of the obligation	(1,756,886)	(1,698,474)
Financing expenses	41,414	158,838
Balance at December 31	4,386,187	5,398,212
The current portion of the lease obligations	1,642,172	1,330,044
The non-current portion of the lease obligations	2,744,015	4,068,168
	4,386,187	5,398,212

14. CREDITORS AND OTHER CREDIT BALANCES:

	2022	2021
Accrued expenses	5,143,140	3,572,626
Employees' dues	2,741,415	2,742,611
Advance payments from clients	6,620,658	4,418,958
VAT deposits	371,130	-
Total	14,876,343	10,734,195

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PROVISION

	2022	2021
zakat	39,037,782	36,722,746
ent	5,075,795	2,972,035
ne	44,113,577	39,694,781
	371,915,763	351,592,516
	(152,017,603)	(144,493,071)
	270,844,731	**253,229,519**
	6,771,118	**6,330,738**

n the zakat provision:

	2022	2021
	6,330,738	5,845,605
	6,771,118	6,330,738
	(6,330,738)	(5,845,605)
31	**6,771,118**	**6,330,738**

submitted its zakat returns to the Zakat, Tax and Customs Authority until the fiscal year cember 31, 2021 AD and paid the dues based on the submitted returns, and a certificate it valid until April 30, 2023 AD.

ERM LOANS:

ar 2022, the company agreed on a long-term financing from the Saudi Industrial Fund at a million Saudi riyals for the purpose of financing the factory branch of Al-Wasail Industrial the first industrial city in Al-Qassim, by guaranteeing the mortgage of the assets of the h in addition to promissory notes, provided that the loan is repaid in 13 half installments nual basis Starting from the beginning of 2024, the first installment of financing was ng the fiscal year 2022, with a value of 9,755,332 Saudi riyals.

ement includes some covenants, which the company was committed to as of the date of the icial statements.

ION LLIABILITY FOR EMPLOYES BENFITS:

has used the services of actuarial experts for the actuarial valuation of the employees' end efits in accordance with International Accounting Standard 19 for this purpose.

	2022	2021
	9,682,330	10,137,328
ense	336,935	1,319,494
est	152,319	102,951

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18. CAPITAL:

The company's capital was set at 250,000,000 riyals (two hundred and fifty million Saudi riyals), divided into 25 million shares of equal value, each share being 10 Saudi riyals, distributed among the shareholders as follows:

On 15/06/1443 (01/18/2022), 10% (2,500,000 shares) of the company's shares were listed and started trading in the Saudi parallel financial market "Nomu" under the code (9525), according to the Capital Market Authority's approval decision. On the application for listing the company on 03/28/1443 . Corresponding to 11/3/2021.

Shareholder's name	Number of Shares	share value	value	rate
Saleh Abdullah Abdul Aziz Al-Mushaiqh	4,490,800	10	44,908,000	17.963%
Abdul Aziz Abdullah Abdul Aziz Al-Mushaiqh	3,407,800	10	34,078,000	13.631%
Abdul Rahman Abdullah Abdul Aziz Al-Mushaiqh	3,403,500	10	34,035,000	13.614%
Abdul Qadir Abdullah Abdul Aziz Al-Mushaiqh	3,353,400	10	33,534,000	13.414%
Nasser Abdullah Abdul Aziz Al-Mushaiqh	2,854,000	10	28,540,000	11.416%
Other	7,490,500	10	74,905,000	29.962%
	25,000,000	10	250,000,000	100%

19. STATUTORY RESERVE:

In line with the Companies Law and the Company's Articles of Association, the company's board of directors at the end of a fiscal year sets aside 10% of the net income This provision shall be stopped when the aforementioned reserve reaches 30% of the capital. This provision is not distributable.

20. SELLING AND DISTRIBUTION EXPENSES:

	December 31, 2022	December 31, 2021
Salaries, wages	10,085,489	8,592,035
Shipping, transportation and loading	9,575,926	7,262,611
Maintenance and spare parts	2,379,364	1,553,938
fuels and oils	2,250,217	1,558,642
Commission sales	1,656,259	3,711,394
Depreciation of right-of-use assets	1,642,172	1,532,915
Leave and travel allowance	1,368,565	833,665
Advertising	1,203,121	335,358
Governmental fees	1,035,738	633,252
Depreciation of property, plant and equipment	961,863	814,900
Medical insurance and treatment	661,828	500,484
rent	412,411	21,741
mail and phone	406,264	289,181
end of service benfits	313,615	569,529
electricity and water	266,981	345,261
Other	3,711,201	2,726,979
Total	37,931,014	31,281,885

ALWASAIL INDUSTRIAL COMPANY
SAUDI JOINT STOCK COMPANY
NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2022
(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)

21. GENERAL AND ADMINISTRATIVE EXPENSES:

	2022	2021
Salaries and wages	6,801,056	6,792,026
Impairment losses on accounts receivable and provisions	3,086,542	1,549,590
Remuneration and dues for company committees	1,925,000	2,189,004
Provision for impairment losses on inventories	1,500,000	-
Governmental fees	1,332,981	937,786
Depreciation of property, plant and equipment	961,863	814,900
Software and network services	920,130	174,830
Leave and travel allowance	671,300	357,547
mail and phone	555,652	831,250
professional fees	497,889	163,500
Medical insurance and treatment	494,095	357,595
Fuel, maintenance and car insurance	303,858	177,486
Employees' end of service benefits	233,886	10,497
Stationery and prints	138,593	86,994
Banking expenses	127,205	149,209
Work and travel missions	86,451	-
Transfer and listing expenses	-	1,305,000
Other	878,707	435,677
Total	20,515,208	16,332,891

22. BASIC AND DILUTED EARNINGS PER SHARE:

	2022	2021
net profit attributable to shareholders	32,266,664	30,392,008
Weighted average number of shares outstanding during the year (number)	25,000,000	25,000,000
Basic and diluted earnings per share from net profit for the year (SAR/share)	1.29	1.22

There was no reduction clause affecting the weighted average number of ordinary shares.

23. DIVDEND:

Based on the decision of the Ordinary General Assembly held on March 13, 2022 , to authorize the Board of Directors to distribute dividends for the fiscal year 2021 , the meeting of the Extraordinary General Assembly held on Shawwal 16, 1443 corresponding to May 17, 2022 , voted to distribute cash dividends to the company's shareholders at 5% of the capital. The equivalent of (0.50 Saudi riyals per share) for the year 2021 , with a total amount of 12.5 million Saudi riyals, provided that the eligibility is for the shareholders who own shares on the due day and are registered in the company's shareholder register at the Depository Center.

24. CONTINGENT OBLIGATIONS:

There are financial commitments against documentary credits and contingent commitments against letters of guarantee on the date of the financial position

		At 31 December	
	potential liability	value	insurance
letters of guarntee			
2022	5,800,264	16,707,838	10,907,574
2021	594,944	7,679,890	7,084,946
letters of credits			
2022	5,170,797	6,084,105	913,308
2021	286,025	437,704	151,679

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(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)

NOTE 25- THE LEGAL POSITION:

There are a number of cases filed by the company against its clients who are late in paying their obligations, and judgments were issued in a number of these cases in favor of the company. With regard to cases filed against former employees of the company, judgments were issued in a number of them in favor of the company, and the rest is still pending before the courts when the company formed a provision of 100% to meet these cases, and there were no cases filed against the company by the end of the fiscal year 2022 .

26. SEGMENTAL INFORMATION:

Management continually analyzes the results of its operations in order to make decisions regarding resource allocation and performance assessment. The company presents basic financial statements according to sales.

A geographical segment is a group of assets or operations that engage in revenue generating activities in a specific economic environment that are subject to risks and returns different from those operating in other economic environments.

Analyze sales, cost of sales and gross profit or loss by geographical regions

Statement	December 31,2021			December 31,2021		
	sales	cost	gross profit	sales	cost	gross profit
South Region	23,862,917	(17,807,066)	6,055,851	18,351,931	(12,930,264)	5,421,667
Eastern Region	58,602,178	(43,730,315)	14,871,863	43,719,899	(33,051,788)	10,668,111
North Region	26,969,603	(20,125,348)	6,844,255	17,231,712	(11,575,734)	5,655,978
Western Region	43,986,085	(32,823,445)	11,162,640	38,897,899	(27,329,959)	11,567,940
Central Region	194,193,150	(145,131,178)	49,061,972	140,352,446	(104,683,852)	35,668,594
export sales	38,976,801	(29,085,400)	9,891,401	45,197,172	(32,541,821)	12,655,351
Total	**386,590,734**	**(288,702,752)**	**97,887,982**	**303,751,059**	**(222,113,419)**	**81,637,640**

27. FINANICAL INSTRUMNTS:

Measurement of financial instruments at fair value

Assets and liabilities measured at fair value in the statement of financial position are grouped into three levels of the fair value hierarchy. This aggregation is determined based on the lowest level of significant input used in the fair value measurement, as follows:

Level 1: Quoted (unadjusted) prices in active markets for identical assets and liabilities.

Level 2: Inputs other than quoted prices included in Markets 1 that are observable for the asset or liability, either directly (eg prices) or indirectly (ie derived from prices).

Level 3: Inputs for the asset or liability for the asset or liability that are not based on observable market data (unobservable inputs)

The following table shows the fair value of financial assets and liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities that have not been measured at fair value if the carrying value approximates the fair value to a reasonable degree.

Financial Instruments Risk Management:

Credit risk: Credit risk represents the inability of one party to fulfill its obligations regarding a financial instrument, which leads to the other party incurring a financial loss. The company limits the credit risk related to customers by setting credit limits for each customer and monitoring outstanding receivables.

ALWASAIL INDUSTRIAL COMPANY
SAUDI JOINT STOCK COMPANY
NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2022
(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)

27. FINANICAL INSTRUMNTS (continued):

Financial Instruments Risk Management (continued):

There are also other procedures to monitor and approve credit to ensure that the necessary procedures are taken to recover overdue debts. In addition, the company reviews the recoverable value of all trade receivables and contract assets on an individual basis at the end of each financial period to ensure that an adequate loss provision is set aside against the amounts Not refundable.

The provision matrix is originally determined on the basis of previously observed default rates. The company will calibrate the matrix to adjust for past credit losses with forward-looking information. For example, if economic conditions are expected to deteriorate over the coming years which may lead to an increasing number of defaults, the previous observed default rates are updated and an analysis of changes in future estimates is made. The process of evaluating the interrelationship between the previous observed default rates and the expected economic conditions

the expected credit loss is a significant estimate.The amount of expected credit losses is affected by changes in the expected economic conditions and conditions, and the company's past credit losses and expected economic conditions may not be indicative of the customer's actual default in the future. The credit risk that the company is exposed to on the trade receivables, which were presented in Note No. (7), are distinguished. The credit risk of liquid funds is limited because the counterparties are banks with high credit ratings.

28. SUBSQURNT EVENTS

Subsequent to the date of the statement of financial position, the Board of Directors approved in its meeting held on 06/15/1444 corresponding to 08/01/2023 to establish a branch for the factory in the industrial city "Modon" in the Jazan region, at an estimated cost of 5 million Saudi riyals.

Legal measures were taken to issue a commercial registry in Jazan City for Basic and Transformational Industries under No. 5957100856 and dated 06/16/1444 (01/09/2023).

29. APPROVING THE FINANCIAL STATMENTS:

The issuance of the attached financial statements was approved by the company's board of directors on 6 Ramadhan 1444 corresponding to (28 March 2023).

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8-2 Audited financial statements for the fiscal year ending December 31, 2023G

ALWASAIL INDUSTRIAL COMPANY
(A SAUDI JOINT STOCK COMPANY)
FINANCIAL STATEMENTS
TOGITHER WITH THE INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2023

ALWASAIL INDUSTRIAL COMPANY
(A SAUDI JOINT STOCK COMPANY)
FINANCIAL STATEMENTS
TOGETHER WITH THE INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2023

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" INDEPENDENT AUDITOR'S REPORT "

TO THE SHAREHOLDERS OF Alwasail Industrial Company
(A Saudi Joint Stock Company)

Opinion:

We have audited the financial statements of the **Alwasail Industrial Company (A Saudi Joint Stock Company) ("the company")** which comprise the statement of financial position as at December 31, 2023, and the statement of profit or loss and other comprehensive income, statement of changes in Shareholders equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards "IFRSs" that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for chartered and professional Accountants (SOCPA).

Opinion Basis:

We conducted our audit in accordance with International Standards on Auditing approved in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the (Auditor's Responsibilities for the Audit of the Financial Statements) section of our report. We are independent of the Company in accordance with the rules of professional conduct and ethics approved in the Kingdom of Saudi Arabia that are relevant to our audit of the financial statements, and we have also fulfilled other requirements of professional conduct and ethics in accordance with those rules. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each key audit matter, a description of how our audit addressed the matter is set out below:

Key audit matters	Procedures performed to ward key audit matters
Revenue recognition: During the year ended 31 December 2023, company's revenue amounted to SAR 446 million (December 31,2022: SAR 386.6 million). • The company continues to be under pressure to meet goals and expectations which may lead to misstatements in revenue. • Revenue recognition is a key audit matter because there is a risk that management may override controls to misrepresent revenue transactions. Please refer to Note No 3/19 for revenue accounting policy on the accompanging financail statement.	We have performed the following procedures regarding revenue recognition: • Evaluating the appropriateness of the accounting policies related to the revenue recognition of the company by taking into consideration the requirements of IFRS 15 "Revenue from Contracts with customers". • Evaluating the design, implementation and testing of the operational effectiveness of the Company control procedures, including the control procedures to prevent fraud when recognizing revenue in accordance with the company policy. • Testing sales transactions, on a sample basis, and perform cut-off tests of revenue made at the beginning and end of the year to assess whether the revenue has been recognized in the correct period. • Testing sales transactions, on a sample basis, and verify the supporting documents, to ensure the accuracy and validity of revenue recognition.

شركة الوسائل الصناعية
س.ت ١٠١٠٢٠٠٠١٢٦١١
AL WASAIL INDUSTRIAL CO.

ALKHARASHI & CO. CERTIFIED ACCOUNTANTS AND AUDITORS - PARTNERSHIP COMPANY - C.R: 1010327044
MEMBER OF MAZARS

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INDEPENDENT AUDITOR'S REPORT(CONTINUED)

Key audit matters (continued)	Procedures performed to ward key audit matters (continued)
Inventory: Inventory is considered a key audit matter due to the nature of the activity of the company that depends primarily on the inventory in generating revenue and the extend of its impact on business results. As at December 31, 2023, the Company's net inventory balance amounted to SAR 179 million (December 31, 2022: SAR 156.9 million), representing approximately 51.6% of total current assets and 35.20% of the total assets of the company as of December 31, 2023 (December 31, 2022: 50% of total current assets and 34.11% of total assets). and given the importance of the inventory balance, valuations, and assumptions related to its obsolescence and decline in its value, this matter was considered key audit matter. Please refer to not No(3/8) for inventory accounting policy and note No.8 for the relvant disclosure on the accompanging financail statement .	We have performed the following procedures regarding existence and valuation of inventory balance: - Attending the physical inventory count held by the company. - Evaluating the design and effectiveness of internal control procedures for the inventory accounting cycle. - Evaluate the appropriateness and adequacy of the inventory disclosures in the accompanying financial statements. - Testing the correctness of measuring inventory at cost or net realizable value, whichever is lower, on a sample basis.
Provision for expected credit losses on trade receivables: As at December 31, 2023, the total balances of trade receivables amounted to 132.3 million SAR (2022: 93.8 million SAR), and a provision for expected credit losses was recoreded amount to 25.6 million (2022 : 23.4 million). The company Impairment in value of trade receivables are based on management's estimate of the lifetime expected credit losses to be incurred, which is estimated by taking into account the credit loss experience, aging of trade receivables, customers' repayment history and customers' financial position and an assessment of both the current and forecast general economic conditions. All of which involve a significant degree of management judgement. We have identified impairment in value of trade receivables as a key audit matter because recognition of loss allowance is inherently subjective and requires significant management judgement, which increases the risk of error or potential management bias. Please refer to note No. (2/4/1) for the impairment in value of trade receivables accounting policy and note No. (9) for the relevant disclosure on the accompanying financial statements.	Our audit procedures to assess provision of expected credit losses trade receivables included the following: • Assessing the design and implementation of management's key controls relating to credit control, debt collection and estimation of expected credit losses. • Assessing, on a sample basis, whether items in the trade debtors' ageing report were classified within the appropriate ageing bracket by comparing individual items in the report with underlying documentation, which included sales invoices and goods delivery notes. • Obtaining an understanding of the key parameters and assumptions of the expected credit loss model adopted by the management, including historical default data and management's estimated loss rates. • Assessing the reasonableness of management's loss allowance estimates by examining the information used by management to form such judgements, including testing the accuracy of the historical default data and evaluating whether the historical loss rates are appropriately adjusted based on current economic conditions and forward-looking information; and • Inspecting, on a sample basis, cash receipts from customers subsequent to the financial year end relating to trade receivables balances as at 31 December 2023 with bank statements and relevant remittance documentation

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INDEPENDENT AUDITOR'S REPORT(CONTINUED)

Other information included in the company annual report for the year ended 31 December 2023:
other information comprises the information included in the company annual report for the year ended 31 December 2023, other than the financial statements and the auditor's report thereon Management is responsible for the other information.

Our opinion on the financial statements does not cover other information and we do not and will not express any form of assurance conclusion thereon. In our audit of the financial statements, it is our responsibility to read the other information described above. In doing so, we consider whether the other information is not materially consistent with the financial statements or knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if available to us, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRSs) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, and the applicable requirements of the regulations for companies and the Company's By-laws, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the company ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, the Board of Directors, are responsible for overseeing the company financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements:
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards an auditing ("ISAs") that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional commissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company ability to continue as a going concern.

ALKHARASHI & CO. CERTIFIED ACCOUNTANTS AND AUDITORS · PARTNERSHIP COMPANY · C.R.: 1010327044
MEMBER OF MAZARS

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INDEPENDENT AUDITOR'S REPORT(CONTINUED)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For Al-Kharashi & Co.

Abdullah S. Al Msned
License No. (456)

الخراشي وشركاه
محاسبون و مراجعون قانونيون
س.ت: 1010327044 C.R.: 1010327044
Certified Accountants & Auditors
AL-Kharashi Co.

Riyadh:
18 Ramadhan 1445 H
28 March 2024

شركة الوسائل الصناعية
AL WASAIL INDUSTRIAL CO.

ALWASAIL INDUSTRIAL COMPANY
(A SAUDI JOINT STOCK COMPANY)
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023
(All amounts are in saudi riyals unless otherwise stated)

	NOTE	DECEMBER 31, 2023	DECEMBER 31, 2022
ASSETS			
NON CURRENT ASSETS:			
Property, Plant & Equipments, net	4	149,128,483	137,796,785
Intangable assets, net	5	1,458,392	1,778,397
Projects under constructions	6	5,896,274	1,962,502
Right of use Assets, net	7-1	4,969,427	5,108,581
Total non current assets		161,452,576	146,646,265
CURRENT ASSETS:			
Inventory, net	8	179,049,836	156,939,971
Trade receivables, net	9	106,677,554	70,137,877
Prepayments and other debit balances, net	10	41,272,658	55,033,421
Due from related parties, net	11	3,106,704	3,745,048
Cash and cash equivlants	12	15,528,531	27,571,678
Total current assets		345,635,283	313,427,995
Total assets		507,087,859	460,074,260
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' Equity :			
Share capital	13	250,000,000	250,000,000
Statutory reserve	14	39,572,847	36,213,951
Retained earnings		70,497,867	59,017,808
Employee defined benefit obligations remeasurement reserve		(39,907)	913,850
Total Shareholders' Equity		360,030,807	346,145,609
LIABILITIES			
NON CURRENT LIABILITIES:			
Long term Loans	15	14,363,630	9,755,339
Employees' defined benefits obligations	16	12,972,827	9,981,126
Lease liabilities - non Current portion	7-2	2,680,543	2,744,015
Total non current liabilities		30,017,000	22,480,480
CURRENT LIABILITIES:			
Long term Loans - current portion	15	4,000,000	-
Trade Payable		83,506,330	68,158,538
Accrued expenses and other credit balances	17	20,397,671	14,876,343
Lease liabilities - Current portion	7-2	1,599,016	1,642,172
Zakat provision	18	7,537,035	6,771,118
Total current liabilities		117,040,052	91,448,171
Total liabilities		147,057,052	113,928,651
Total Shareholders' Equity and Liabilities		507,087,859	460,074,260

The accompanying notes are an integral part of these financial statements.

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ALWASAIL INDUSTRIAL COMPANY
(A SAUDI JOINT STOCK COMPANY)
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECMBER, 2023
(All amounts are in saudi riyals unless otherwise stated)

	NOTE	FOR THE YEAR ENDED DECEMBER 31, 2023	2022
Sales		446,004,137	386,590,734
Cost of sales		(338,065,675)	(288,702,752)
Gross Profit		107,938,462	97,887,982
Operating expenses:			
Selling and distribution expenses	19	(46,090,114)	(41,017,556)
General and administrative expenses	20	(19,798,164)	(17,428,666)
Profit from Operations		42,050,184	39,441,760
Finance Expenses		(1,251,160)	(625,616)
Other income		326,966	221,638
Profit before Zakat for the Year		41,125,990	39,037,782
Zakat	18	(7,537,035)	(6,771,118)
Net Profit for the Year		**33,588,955**	**32,266,664**
(Other comprehensive loss) / Other comprehensive income:			
Items that will not be subsequently reclassified at a later time to profit or loss			
Actuarial (losses) / gains from remeasurement of employee benefit obligations	16	(953,757)	137,239
Total comprehensive income for the year		**32,635,198**	**32,403,903**
Earnings per share (SAR)	21		
Basic and diluted earnings per share from profit from operations		0.17	0.16
Basic and diluted earnings per share from net profit for the year		0.13	0.13

شركة الوسائل الصناعية
س.ت: ١١٣١٠٠٢٤٨٢
ALWASAIL INDUSTRIAL CO.

The accompanying notes are an integral part of these financial statements.

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ALWASAIL INDUSTRIAL COMPANY
(SAUDI JOINT STOCK COMPANY)
STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
FOR THE YEAR ENDED 31 DECMBER, 2023
(All amounts are in saudi riyals unless otherwise stated)

	Share Capital	Statutory Reserve	Retained Earnings	Gain (loss) Remeasurement Employee Benefits Plan	Total
Balance as at January 1, 2022	250,000,000	32,987,285	42,477,810	776,611	326,241,706
Net profit of the year	-	-	32,266,664	-	32,266,664
Transfer to the statutory reserve	-	3,226,666	(3,226,666)	-	-
Actuarial gains from remeasurement of employee defined benefit obligations	-	-	-	137,239	137,239
Dividends (Note 22)	-	-	(12,500,000)	-	(12,500,000)
Balance at December 31, 2022 and January 1, 2023	250,000,000	36,213,951	59,017,808	913,850	346,145,609
Net profit of the year	-	-	33,588,955	-	33,588,955
Transfer to the Statutory Reserve	-	3,358,896	(3,358,896)	-	-
Actuarial Loss from remeasurement of employee defined benefit obligations	-	-	-	(953,757)	(953,757)
Dividends (Note 22)	-	-	(18,750,000)	-	(18,750,000)
Balance as at December 31, 2023	**250,000,000**	**39,572,847**	**70,497,867**	**(39,907)**	**360,030,807**

The accompanying notes are an integral part of these financial statements.

ALWASAIL INDUSTRIAL CO.
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ALWASAIL INDUSTRIAL COMPANY
(A SAUDI JOINT STOCK COMPANY)
STATEMENT OF CASH FLOWS
(All amounts are in saudi riyals unless otherwise stated)

	Note	FOR THE YEAR ENDED DECEMBER 31, 2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profet before Zakat for the year		41,125,990	39,037,782
Adjustments for non-cash items:			
Depreciation of Property, Plant and Equipments	4	9,876,149	8,473,207
Amortization of Intangible assets	5	326,355	314,203
Depreciation of the right of use of assets	7-1	1,759,894	1,642,172
Finance Costs		1,251,160	625,616
Impairment Losses on trade receivables, formed	9	2,644,095	3,086,541
impairment in value of inventory		-	1,500,000
expected credit losses privision used		(347,835)	(271,969)
Impairment in value of cheques under collection		500,000	-
Impairment in value of due from related parties	11	965,375	-
Employees' defined benefits obligations, formed	16	2,500,882	489,254
Changes in working capital			
Trade receivables, net		(38,835,937)	17,659,734
Prepayments and other debit balances, net		13,260,763	(18,228,366)
Due from related parties		(327,031)	455,897
Inventory, net		(22,684,477)	(11,654,305)
Trade payable		15,347,793	(5,735,574)
Accrued expenses and other credit balances		5,521,328	4,142,148
Employees' defined benefits obligations Paid	16	(462,938)	(53,219)
Zakat Paid	18	(6,771,118)	(6,330,738)
Net cash flow generated from operating activities		**25,650,448**	**35,152,383**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Additions to property, plant and equipment	4	(19,412,485)	(11,591,491)
Additions to Projects under constructions	6	(6,153,303)	(178,012)
Additions to intangible assets	5	(6,350)	(109,827)
Net cash from used in investing activities		**(25,572,138)**	**(11,879,330)**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from Loans	15	8,608,291	9,755,339
Paid dividends	22	(18,750,000)	(12,500,000)
Payments of Lease liabilitie	7-2	(1,979,748)	(1,756,886)
Net Cash from Used in Financing activities		**(12,121,457)**	**(4,501,547)**
Net change in cash and cash equivalents		(12,043,147)	18,771,506
Cash and cash equivalents at the beginning of the year		27,571,678	8,800,172
Cash and cash equivalents at the end of the year		**15,528,531**	**27,571,678**
Supplementary information for non-cash transactions:			
Transfers from projects under constructions to property, plant and equipment	4	1,795,362	3,896,667
Transfers from projects under constructions to invontory	6	424,169	-
Additions to the assets of right-of-use assets and lease liabilities	7-1	1,653,422	703,447
Transfers from Property, Plant & Equipments to intangable assets		-	668,638

The accompanying notes are an integral part of these financial statements.

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ALWASAIL INDUSTRIAL COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31,2023
(ALL AMOUNTS ARE IN SAUDI RIYALS UNLESS OTHERWISE STATED)

1. THE COMPANY AND NATURE OF ITS BUSINESS:

Al-Wasail Industrial Company (the "Company") registered as a Saudi joint stock company in the city of Buraidah, commercial registration No. 1131002483 dated 29/03/1400, and license No. 97, dated 24/2/1410, renewed with No. 1818/R, dated 3/4/1433, renewed No. 2343, dated 28/07/1436.
The company's activity is represented in the wholesale sale of plastic materials, rubber and synthetic fibers. and the manufacturing of plastic pipes, hoses, tubes, their components, and accessories
Corresponding to 28/03/1443 corresponding to 3/11/2021, the Capital Market Authority issued a decision on the issuer on the company's request and offering (2,500,000) shares representing (10%) of its shares in the parallel market "Nomu"
Date On 15/06/1443 (corresponding to 18/01/2022), 10% (2,500,000 shares) of the company's shares were listed and started trading in the parallel Saudi Stock Exchange "Nomu" under the symbol (9525).

The accompanying financial statements include the following accounts of the company and its branches inside and outside the Kingdom:

registration number	location	commercail Name	date
1010186559	Riyadh	Alwasail industrial Company Branch	13/03/1424
1011012952	Kharj	Alwasail industrial Company Branch	22/01/1430
1123001161	Zulfi	Factory of alwsail industrial for irrigation systems company	05/04/1420
1131009107	Buraidah	Factory of alwsail industrial	15/07/1411
1131014314	Buraidah	The Saudi Factory for Rubber Products, a branch of AlWasail	12/03/1419
1131028052	Buraidah	Alwasail industrial Company	08/02/1430
1131057343	Buraidah	Alwasail industrial Company	06/04/1438
1131310613	Buraidah	Factory of alwsail industrial branch	22/05/1442
1131321747	Buraidah	Alwasail industrial Company Branch	14/11/1443
1185001973	Wadi aldwasr	Factory of alwsail industrial for irrigation systems company	24/10/1423
2050022409	Dammam	Alwasail industrial Company	03/07/1412
3350011868	Hail	Alwasail industrial Company	04/06/1415
3400007912	Skaka	Alwasail industrial Company	25/04/1416
3550013583	Tabouk	Alwasail industrial Company	03/09/1416
4030185911	Jeddah	Alwasail industrial Company	28/01/1430
4031098380	Makkah	Alwasail industrial Company	21/03/1438
4032022430	Taif	Alwasail industrial Company	12/08/1422
4650027803	Madina	Alwasail industrial Company	28/11/1419
4651002121	Ula	Alwasail industrial Company	01/11/1436
5855055736	Khamis mashid	Alwasail industrial Company	09/11/1434
5900008328	Jazan	Alwasail industrial Company	30/01/1428
5950006519	Najran	Alwasail industrial Company	12/03/1420
5957100856	Jazan City for Primary and Conversion Industries	Alwasail industrial Company(under Write off)	16/6/1444
CN-2760638	UAE	Alwasail industrial Company- Abu Dhabi	02/04/2019

Company Address
The company's address is: 3806 Qassim - Riyadh Road- - Madinah Expressway - Yarmouk District Unit No. 16 Buraydah 52315-6331

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AL WASAIL INDUSTRIAL CO.

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ALWASAIL INDUSTRIAL COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31,2023
(ALL AMOUNTS ARE IN SAUDI RIYALS UNLESS OTHERWISE STATED)

2. BASIS OF PREPARATION

2/1- Statement of compliance:

These financial statements have been prepared in accordance with International Financial Reporting Standard "IFRS" that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for charted and professional Accountants ("SOCPA")

2/2- Basis of measurement:

The financial statements have been prepared on the historical cost basis except for employee defined benefit obligation which is measured at present value of future obligations using Projected Unit Credit Method) and using the accrual accounting principle and the going concern concept.

2/3- Functional and presentation currency:

The financial statements are presented in Saudi Riyal, which is the company functional and presentation currency, All values are rounded to the nearest Saudi Riyal unless otherwise stated.

2/4- Significant accounting estimates and judgments

The preparation of the financial statements requires management to use judgments, estimates and assumptions that affect the application of accounting policies and the amounts of assets, liabilities, income and expenditures recorded. Such estimates and judgments are evaluated on an ongoing basis based on past experience and some other factors, including expectations of future events that are believed to be reasonable according to the circumstances and data, and as a result, they form the basis for making judgments about the carrying amounts of assets and liabilities that are not visible from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are examined on the basis of the going concern concept. A review of accounting estimates is included in the period in which the estimates are examined if the examination affects only that period or in the review period and future periods if the examination affects both current and future periods.

2/4/1 When applying the company accounting policies, the management made assumptions and estimations for uncertainties, which are important to the financial statements:

A- Impairment in value of trade receivable and other debit balances
Trade receivable and other receivables are stated at amortized cost which is reduced by provisions related to the estimated non-recoverable amounts. The estimated non-recoverable amounts are based on the ages of the receivables and historical experience adjusted appropriately for future projections. Individual trade receivables are written off when management believes that they cannot be collected.

B- Impairment in value of inventory
Inventories are valued at cost or net realizable value whichever is lower. Adjustments are made to reduce the cost of goods to their realizable value based on an estimate made at each financial period, if necessary. The company management determines the estimation of the slow-moving inventory amount. Factors that influence these adjustments include changes in demand and physical deterioration.

C- Defined benefit liabilities
employee Defined benefit obligations are determined using an actuarial valuation that requires estimation of various inputs. These estimates were disclosed in Note No. (16).

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ALWASAIL INDUSTRIAL COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31,2023
(ALL AMOUNTS ARE IN SAUDI RIYALS UNLESS OTHERWISE STATED)

2.BASIS OF PREPARATION (CONTINUED)

2/4/1 When applying the company accounting policies, the management made assumptions and estimations for uncertainties, which are important to the financial statements(continued):

D-Useful lives and residual values of property, plant and equipment and intangible assets
An estimate of the useful lives and residual values of property, plant and equipment and intangible assets is made for the purposes of calculating depreciation and amortization respectively. These estimates are made based on expected usage for useful lives. Residual value is determined based on experience and observable data where available.

2/4/2 When applying the Company accounting policies, the management made the following judgments and estimates, which are important to the financial statements:

A- Determination of whether the company is acting as a principal or agent.
The principles of IFRS 15 revenue from customer contracts are applied by identifying each specific good or service pledged to the customer in the contract and assessing whether the company retains control over the specified good or service before transferring it to the customer. This evaluation requires significant judgment based on specific facts and circumstances.

B- Significant judgements in determining the lease term for contracts that include renewal options:
The company defines the lease term as the irrevocable term of the lease, together with any periods covered by the option to extend the lease if that right can reasonably be exercised, or any periods covered by the option to terminate the lease, if it is reasonably certain that it will not exercise this right.

C- Significant Judgements in the application IFRS 15:

Determining the transaction price
The company is required to determine the transaction price in respect of each of its contracts with customers. In making such judgement the company assesses the impact of any variable consideration within the contract. In determining the variable consideration, the company uses the "most-likely amount" method whereby the transaction price is determined by reference to the single most likely amount in a range of possible consideration amounts.

Determining the timing of satisfaction of performance obligations
The company has concluded that revenues for goods and other services are to be recognised over time because the customer simultaneously receives and consumes the benefits provided by the company.
Revenue from Production and the sale of goods are recognized at a point in time because the customer does not simultaneously receive and consume the benefits provided by the company. In practice the Company records revenues when we deliver the goods. The change of control over goods is satisfied when we deliver goods to customers accordingly the risk of defect and loss is transferred to customer at that point in time.

Determination of whether the company is acting as a principal or agent.
The principles of IFRS 15 revenue from customer contracts are applied by identifying each specific good or service pledged to the customer in the contract and assessing whether the company retains control over the specified good or service before transferring it to the customer. This evaluation requires significant judgment based on specific facts and circumstances.

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3-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these financial statements are in accordance with the International Financial Reporting Standards as adopted in the kingdom of Saudi Arabia and other standards and others issued by the Saudi Organization of Chartered and professional Accountants.

3.1 New Standards, Amendment to Standards and Interpretations:

3/1/1 New and amended standards that do not have a material impact on the financial statements.

The following are the recent changes to IFRS that must be applied in annual periods beginning on January 1, 2023.

- International Financial Reporting Standard (17) - "Insurance Contracts"
- Disclosure of accounting policies, amendments to International Accounting Standard (1) and the Statement of Practice.
- Definition of accounting estimate Amendments to the International Accounting Standard.
- Amendment to IAS 12 – deferred tax related to assets and liabilities arising from a single transaction, these amendments require companies to recognize deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.
- Amendments to IAS 8 – The amendments aim to improve accounting policy disclosures and to help users of financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

The application of the amended standards did not have any material impact on the amounts recognized in the current year and previous years.

3.1.2 Standards issued but not yet effective.

The standards and interpretations issued but not yet effective until the date of issuance of the company's annual financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

- Classifying liabilities as current or non-current. Amendments to International Accounting Standard (1) apply to annual periods beginning on or after January 1, 2024. That date.
- Lease obligations in sale and leaseback transactions Amendments to IFRS 16 apply to annual periods beginning on or after January 1, 2024.
- Non-current liabilities with commitments Amendments to International Accounting Standard (1), applicable to annual periods beginning on or after January 1, 2024.
- Sale or contribution of assets between the investor and the associate or joint venture. Amendments to IFRS (10) and IAS (28)), the effective date will be determined later.
- Supplier financing arrangements - amendments to IAS 7 and IFRS 7, applicable to annual periods beginning on or after January 1, 2024.
- Inability to exchange a foreign currency - amendments to International Accounting Standard (21), applicable to annual periods beginning on or after January 1, 2025.
- Amendments to IAS 27 – Lack of exchangeability.
- IFRS S1, 'General requirements for disclosure of sustainability-related financial information, this standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.
- IFRS S2, 'Climate-related disclosures', this is the first thematic standard issued that sets out requirements for entities to disclose information about climate related risks and opportunities.

  These above standards' amendments are not expected to have a material impact on the Company's financial statements.

3/2 Date of the financial statements report

The financial statements include the financial statements of the company (referred to as "the Company"). The company's fiscal year begins on the first of January of each calendar year and ends on December 31 of the same year.

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ALWASAIL INDUSTRIAL COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31,2023
(ALL AMOUNTS ARE IN SAUDI RIYALS UNLESS OTHERWISE STATED)

3-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(CONTINUED)

3/3 Property, plant, and equipment

3/3/1- recognition and measurement

- Property, plant, and equipment owned for use in the production or supply of goods or services, or for use for administrative purposes, are stated at cost after deducting accumulated depreciation and/or accumulated impairment losses, if any. Land is shown at cost and is not depreciated.
- Cost includes the cost of replacing parts of property, machinery, and equipment. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognizes these parts as individual assets with specific useful lives that are depreciated accordingly. All other repair and maintenance costs are included in the income statement when incurred as period expenses.
- Properties under construction for production, supply, or administrative purposes are stated at cost less any recognized impairment losses. The cost includes professional fees and, for qualifying assets, borrowing costs are capitalized. Such property is classified into the appropriate category of property, machinery, and equipment when it is completed and prepared for the specific use.

3/3/2- Derecognition

An item of property and equipment is derecognized when it is sold or when future economic benefits are not expected to flow from its use or sale. Gains or losses arising from derecognition of an item of property and equipment are included in the statement of profit or loss and other comprehensive income.

- The residual value, useful lives, and methods of depreciation of property, machinery, and equipment are reviewed at the end of each fiscal year and amended with future effect, if appropriate.

3/3/3- post-acquisition costs

The cost of replacing a component of an item of property and equipment is recognized at the carrying amount of the item when it is probable that future economic benefits will flow to the company and that their cost can be measured reliably and the carrying value of the replaced component is derecognized. The cost of providing day-to-day service for property and equipment is taken to the statement of profit or loss as incurred.

3/3/4- Depreciation

- Depreciation on these assets begins when the assets become ready for their intended use.
- Depreciation is recorded in the statement of profit or loss using a straight-line method over the estimated useful life of each component of an item of property and equipment. Depreciation methods, useful lives and residual value are examined at the date of each financial position and adjusted whenever appropriate.
- Depreciation is calculated on a straight-line basis over the estimated useful life of the assets at the following annual rates:

Item	Depreciation Percentage	Item	Depreciation Percentage
Buildings and construction	3% - 5%	Security devices	5%
Machinery and equipment	5% - 15%	Furniture's and fixtures	10% - 20%
Injection molds	10%	Office equipment	15%
office equipment	10% - 20%	Motor vehicles	25%

- Regular maintenance and repair expenses that do not materially prolong the estimated useful life of an asset are included in the statement of profit or loss when incurred. Major renovations and improvements, if any, are capitalized, and any assets that have been replaced are excluded from the books.

3/4- INTANGIBLE ASSETS

Intangible assets are measured at cost less accumulated amortization and accumulated impairment losses (if any). Intangible assets are amortized on a straight-line basis over their economic life at a rate of 10%.
Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Company and the expenditure can be measured reliably.
The residual values of intangible assets, their useful lives and impairment indicators are reviewed at the end of each financial year and adjusted prospectively when necessary.

ALWASAIL INDUSTRIAL COMPANY
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(ALL AMOUNTS ARE IN SAUDI RIYALS UNLESS OTHERWISE STATED)

3-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(CONTINUED)

3/5- LEASE CONTRACTS

A) Right of use assets:

The company recognizes the right to use the assets on the date of commencement of the lease contract (the date the underlying asset becomes available for use). Right-to-use assets are measured at cost, less accumulated impairment losses and aggregate depreciation, and adjusted for any re-evaluation of the lease liability. The right-to-use cost of assets includes the amount of the lease liability recognized, initial direct costs incurred, and lease payments made on or before the commencement date minus any lease incentives received. Unless the company is reasonably certain that ownership of the leased asset will be acquired at the end of the lease term. The right to use the assets recognized on a straight-line basis is amortized over the estimated useful life or the lease term, whichever is shorter. The right to use assets is subject to impairment reviews.

B) Lease liabilities:

On the date of the commencement of the lease contract, the company recognizes the lease liability measured at the present value of the lease payments to be made over the term of the lease. Rent payments comprise fixed payments (including embedded fixed payments) minus rental incentives receivable, variable rental payments that are index or rate based and amounts expected to be paid under residual value guarantees. The lease payments may also include the purchase option exercise price that is reasonably certain to be exercised by the company and the termination penalty payment, if the lease agreement reflects that the company exercises the termination option. Variable lease payments that do not depend on an index or rates are recognized as an expense in the period in which the event or condition that fulfils the payment requirement occurs.

In computing the present value of lease payments, the company uses the borrowing rate at the lease commencement date if the rate of return implicit in the lease is not easily determined. After the lease commencement date, the amount of the lease liability is increased to reflect the accumulation of financial expenses and the reduction of the lease payments made.

The book value of the lease liability is re-measured if there is an amendment or change in the lease term, a change in the fixed rental payments, or a change in the valuation of the contracted asset purchase.

The main assumptions used for the purposes of computing the present value of lease payments are as follows:

Discount rate for cash flows:	3.95-7.51%

C) Short-term leases:

The company applies the exemption granted on short-term leases to such leases (that is, those leases whose lease term is 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognized as an expense on a straight-line basis over the term of the lease.

D) Significant judgements in determining the lease term for contracts that include renewal options:

When determining the lease term, management considers all facts and circumstances that would provide an economic incentive to exercise an extension option, or when exercising a termination option, an extension option (or periods following termination options) are included in the lease term only if the lease is certain. (or not terminated). The Company evaluates at the beginning of the lease whether it is reasonably certain to exercise the extension option. The Company reassess whether it is reasonably certain to exercise options if there is a major event or significant change in circumstances that can be controlled.

company as a lessor.

When the company is a lessor, it determines, at the commencement of the lease, whether the lease is a finance lease or operating lease.

To classify each lease, the company performs an overall assessment of whether the lease substantially transfers all risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease, otherwise it is an operating lease. As part of this assessment, the company considers specific indicators such as whether the lease term is for the majority of the economic life of the underlying asset.

If an arrangement contains lease and non-lease components, then the company applies IFRS 15 to allocate the consideration in the contract.

The company recognizes lease payments received under operating leases as income on a straight- line basis over the lease term in the statement of profit or loss.

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3-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3/6 projects under construction

The cost of capital work-in-progress consists of the contract value and costs directly attributable to developing and bringing the project assets to the location and condition necessary to enable them to operate and for the purpose for which they were acquired. Project costs in progress are transferred to the classifications of tangible assets and non-current intangible assets when they reach operating condition and are available for their intended purpose. The book value of projects under implementation is reviewed to determine whether there is a decline in their value when events or changes in circumstances indicate that the book value may not be recoverable. If such an indication exists and when the carrying value exceeds the estimated recoverable amount, the value of the assets is written down to the recoverable amount.

3/7 impairment in the value of non-financial assets

Assets subject to depreciation are reviewed for impairment when events or changes in circumstances occur that indicate that the carrying value may not be recoverable. An impairment loss should be recognized in the income statement for an amount whose carrying amount exceeds the recoverable amount. The recoverable amount is the fair value of the asset less the cost to sell or the value in use, whichever is higher. In estimating value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purpose of assessing impairment, assets are company into the lowest levels for which there are substantially independent cash flows (cash-generating units). Prior impairment of non-financial assets (other than goodwill) is reviewed for potential reversals at each reporting date.

3/8 Inventory

The value of inventory is estimated at cost or net realizable value, whichever is lower, and the cost of inventory is determined using the weighted average method. Net realizable value represents the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs to sell. The cost of finished goods and work-in-progress includes raw materials, direct labor, other direct costs, and related general production expenses, and is shown for net inventory after deducting an allowance for idle goods (the allowance is calculated after conducting a study of the components of the whole inventory).

3/8/1 - impairment in the value of inventory

Management makes provision for obsolete and slow-moving inventories. Estimates of the net recoverable value of inventories are based on the most reliable evidence at the time the estimates were used. These estimates take into account fluctuations in prices or costs directly related to events occurring after the date of the statement of financial position to the extent that the conditions of these events exist as at the end of the year.

3/9 Cash and cash equivalents.

Includes cash and cash equivalents to cash at banks, cash in hand and other short-term deposits with maturities of three months or less, and which are subject to an insignificant risk of change in value.

3/10 Trade Receivables

Trade receivables are stated at the original invoice amount less the allowance for impairment of doubtful trade receivables. An estimate of the allowance for impairment of doubtful trade receivables is made by applying the simplified approach for presenting expected credit losses specified in IFRS 9, which allows the use of a loss allowance. Expected lifetime for all trade receivables. To measure expected credit losses, trade receivables are classified based on common credit risk characteristics and delays in collection. Moreover, expected credit losses also include forward-looking information.

3/11 Payables

Liability is recognized for amounts to be paid in the future for services or goods received, whether invoiced by the supplier.

3-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3/12 Borrowing costs.

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the underlying asset.

All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurred in connection with the borrowing of funds.

3/13 INTEREST ON LOANS

All term borrowings are initially recognized at the fair value of the consideration received plus transaction costs directly attributable to them. Commission-bearing term loans are subsequently measured at amortized cost using the prevailing commission rate method. Loan facility arrangement expense is recognized as the transaction cost of the loan to the extent that it is probable that some or all the facility will be drawn down.

3/14 financial assets

3/14/1 - Initial recognition and measurement:

Financial assets are initially recognized at fair value plus transaction costs directly attributable to the purchase of the financial asset, in the case of financial assets not carried at fair value through profit or loss.

3/14/2 - subsequent measurement:

Financial assets are subsequently measured at fair value through profit or loss at amortized cost or fair value through other comprehensive income. The classification is based on two criteria: the Company's business model for managing the assets and whether the contractual cash flows of the instruments represent "exclusive payments of principal and interest" on the principal outstanding (the exclusive payments of principal and interest).

3/14/3 - Financial assets carried at amortized cost:

This category is the most important for the company. The Company measures a financial asset at amortized cost that is held within a business model for the purpose of owning the financial assets to collect contractual cash flows that meet the criterion of exclusive payments of principal and interest. This category includes trade and other receivables of the company, and loans included in other non-current financial assets.

3/14/4 - Derecognizing:

Recognition of financial assets (or, where applicable, part of a financial asset or part of a company of similar financial assets) (ie removed from the company's statement of financial position) depends primarily on when:

The rights to receive cash flows from the asset have expired or

- The Company transfers its rights to receive cash flows from the asset or assumes an obligation to pay the received cash flows in full without material delay to a third party under "spot arrangements", when:
  A. the Company has transferred substantially all the risks and rewards of the asset.
  B. the Company has not transferred or retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the company transfers its rights to receive cash flows from an asset or enters a standby arrangement, it evaluates whether and to what extent the company has retained the risks and rewards associated with ownership. When the Company does not transfer or retain substantially the risks and rewards of the asset or transfer control of the asset, the Company continues to recognize the transferred asset to the extent that it continues to deal with it. In that case, The Company also acknowledges the associated liability. The transferred assets and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained. Continuation of dealing in the form of a guarantee over the transferred asset is measured by the original book value of the asset or the maximum amounts that the company may be required to pay, whichever is less.

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3-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3/14financial assets (CONTINUED)

3/14/5 - Impairment of financial assets

IFRS 9 requires the company to record an allowance for expected credit losses for all loans and other debtor financial assets not carried at FVTPL.
Expected credit losses are calculated based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the company expects to receive, then discounting the deficit close to the original effective interest rate of the asset.
With regard to trade and other receivables, the company applied the simplified standard method, and calculated future credit losses based on lifetime expected credit losses.

The Company has set aside a provision schedule that is based on the Company's past experience of credit loss and is adjusted for the specific expected elements of debtors and the economic environment.
For other debtor financial assets, the expected credit loss is calculated based on the 12-month expected credit loss. 12-month ECL is the portion of lifetime ECL that arises from defaults on a financial instrument contingent within 12 months after the date of the financial statements. However, when there has been a significant increase in credit risk since its inception, the provision will be calculated based on lifetime ECL.

3/15 Financial liability:

3/15/1 - Initial recognition and measurement:

Financial liabilities are classified, upon initial recognition, as financial liabilities at fair value through profit or loss and loans and accounts payable, as appropriate. All financial liabilities are initially recognized at fair value and, in the case of loans and accounts payable, net of directly related transaction costs.
The company's financial liabilities include trade payables and other credit balances and loans.

3/15/2 - subsequent measurement:

The financial liability is subsequently measured at amortized cost.

3/15/3 - Derecognizing:

The derecognition of financial liabilities ceases when the obligation under the liability is discharged, canceled or expires. When another financial liability is replaced by an existing one from the same lender on substantially different terms, or the terms of the existing obligations are substantially modified, such change or modification is considered to be the derecognition of the original liability and the recognition of a new liability. The difference in the carrying amounts is recognized in the statement of profit or loss and other comprehensive income.

3/15/4 - Financial Instruments Clearing

Financial assets and financial liabilities are offset, and the net amounts are dis in the statement of financial position when there is a current legally enforceable right to set off the recognized amounts.

3/15/5 - contingent liabilities

Contingent liabilities are Disclosure when the company has a contingent liability as a result of a past event whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events that are not entirely within the control of the company, or the company has present legal or constructive obligations arising from events precedent, However, it is not likely that an outflow of resources embodying economic benefits will be required to settle the obligation or that the amount of the obligation cannot be measured reliably enough.

شركة الوسائل الصناعية
س.ت : ١١٢١٠٠٢٤٨٧
ALWASAIL INDUSTRIAL CO.

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ALWASAIL INDUSTRIAL COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31,2023
(ALL AMOUNTS ARE IN SAUDI RIYALS UNLESS OTHERWISE STATED)

3-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
3/15 Financial liability: (CONTINUED)

3/15/6 - Impairment of non-financial assets
The Company assesses at each reporting date whether there is any indication that non-financial assets may be impaired. If there is such an indication, or when it is necessary to examine the impairment of the asset annually, the company estimates the recoverable value of the asset. An asset's recoverable amount is the higher of the assets or cash-generating unit's fair value less costs to sell or value in use, and is determined for each asset separately, unless the asset does not generate cash inflows that are largely independent of the cash inflows of other assets or company of assets. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation method is used. These accounts are verified using valuation multiples, quoted share prices for publicly traded entities, or any other available fair value indicators.
Impairment losses from continuing operations are recognized in profit or loss within expense categories consistent with the function of the impaired assets.
For assets other than goodwill, an assessment is made at each reporting date whether there is any indication that previously recorded impairment losses may no longer exist or have decreased in value. If any such indication exists, the company estimates the recoverable amount of the asset or cash-generating unit. A previously recognized impairment loss is not reversed unless there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. This reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount or the book value that would have been determined, after deducting depreciation, had no impairment loss been calculated for the asset during previous years. This reversal is included in the profit or loss. Impaired non-financial assets other than goodwill are reviewed for possible reversal of the impairment at the end of each reporting period.

3/16 fair value measurement
Fair value is the price that would be received to sell an asset or paid to settle a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. When estimating the fair value of assets or liabilities, the company considers the characteristics of the assets or liabilities if market participants take these characteristics into account when pricing the assets or liabilities on the measurement date. The fair value for measurement or disclosure purposes, or both, is determined in these financial statements on this basis, with the exception of share-based payment transactions that fall within the scope of IFRS No. (2).and lease transactions that fall within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as the net realizable value in IAS 2 or the value used in IAS No. 36).
In addition, for the purposes of financial reporting, fair value measurements are categorized into the first, second, or third level based on the degree of observation of the inputs to the fair value measurements, and the importance of the inputs to the fair value measurement in their entirety, which are described as follows:

- Level one inputs are prices (unadjusted) that are traded in active markets for identical assets or liabilities that the entity has access to at the measurement date.
- The second level inputs are the inputs - other than the current prices listed in the first level - that are observed for assets or liabilities, whether directly or indirectly.
- Level 3 inputs are the unobserved inputs for assets or liabilities.

3/17 Provisions
Provisions are recognized when the company has a present obligation (legal or constrictive) arising from past events, and it is likely that it will lead to an outflow of resources that include economic benefits that will be required to settle the obligation, and the amount of the obligation can be estimated reliably. Some or all of any provision, compensation is recognized as a separate asset only if the compensation is actually certain. Expenses related to any provision are presented in the income statement, net after deducting any compensation.

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ALWASAIL INDUSTRIAL COMPANY
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3-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3/18 Employee benefits

The company's employee benefits include monthly contributions to the General Organization for Social Insurance and an end-of-service bonus program in accordance with the requirements of regulations in the Kingdom of Saudi Arabia.

3/18/1 - General Organization for Social Insurance

The monthly contributions of the General Organization for Social Insurance (independent entity) are classified as a defined contribution program. The company recognizes its share of the fixed contributions to the General Organization for Social Insurance every month as expenses. The Company has no legal or constructive obligation to pay any other contributions, and its only obligation is to pay the contributions as they are due.

3/18/2 - Defined benefit obligations for employees

The Company's end of service benefits program is classified as a defined benefit plan. This program is considered unfunded, and the liability recognized in the statement of financial position related to the defined benefit end-of-service benefit program is represented by the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by an independent actuary using the unit estimation method.
Actuarial gains and losses arising from actuarial assumptions are recognized in the statement of other comprehensive income in the period in which they arise. Past service costs, current service costs and net interest are recognized immediately in the income statement.

3/19- Revenue From Contracts With Customers

Revenues from sales are recognized when the goods are delivered, and services are provided to customers. The company recognizes revenue from contracts with customers according to IFRS 15, using the following five-steps model:

Step 1: Identify the contract with the customer	A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met
Step 2: Identify the performance obligations	A performance obligation is a contract with a customer to transfer a good or service to the customer
Step 3: Determine the transaction price	The transaction price is the amount of consideration to which the company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties
Step 4: Allocate the transaction price	For a contract that has more than one performance obligation, the company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the company expects to be entitled in exchange for satisfying each performance obligation
Step 5: Revenue recognition	The company recognizes revenue (or as) it satisfies a performance obligation by transferring a promised good or service to the customer under a contract

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3-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3/19- Revenue From Contracts With Customers (Continued)

3/19/1 - Identify the contract with the customer

The company carefully evaluates the terms and conditions of the contracts with its customers because revenue is recognized only when performance obligations in contracts with customers are satisfied. A change in the scope or price of a contract (or both) is considered as a contract modification and the company determines whether this creates a new contract or whether it will be accounted for as part of the existing contract.

3/19/2 - Identifying the performance obligations

Once the company has identified the contract with a customer, it evaluates the contractual terms and its customary business practices to identify all the agreed services within the contract and determine which of those agreed services (or bundles of agreed services) will be treated as separate performance obligations.

3/19/3 - Determine the transaction price

The company determines transaction price as the amount by which it expects to be entitled. It includes an estimate of any variable consideration, the effect of a significant financing component (i.e. the time value of money), the fair value of any non-cash consideration and the effect of any consideration paid or payable to a customer, if any. Variable considerations are limited to the amount for which it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The amount of consideration is fixed based on the transaction price agreed with the customers and there are no other promised obligations in the contract with the customers that are determined as

separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the services, the Company considered the effects of variable considerations, the existence of significant financing components, noncash consideration and considerations payable to the customer (if any) and has concluded that there are no such considerations included in the transaction price.

Contract modifications, e.g. variation orders, are accounted for as part of the existing contract, with a cumulative catch up adjustment to revenue. For material contract modifications a separate contract may be recognised, based on management's assessment of the following factors:

- the scope of the contract increases because of the addition of agreed goods or services that are distinct; and
- the price of the contract increases by an amount of consideration that reflects the company stand-alone selling prices of the additional agreed goods or services and any appropriate adjustments to that price to reflect the circumstances of the particular contract

There were no material amendments to the contracts during the fiscal year ended december 31, 2023.

3/19/4 - Allocation of transaction price

Once the performance obligations have been identified and the transaction price has been determined, the transaction price is allocated to the performance obligations, generally in proportion to their stand-alone selling prices (i.e., on a relative stand-alone selling price basis). When determining stand-alone selling prices, the company is required to use observable information, if any. If stand-alone selling prices are not directly observable, the company makes estimates based on information that is reasonably available.

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3-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3/19 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

3/19/5 Revenue recognition

The company recognizes revenue in accordance with the terms and conditions contained in the contracts concluded with customers to the extent that performance obligations related to customer contracts are fulfilled.

3/20 ZAKAT AND INCOME TAX

3/20/1 - Zakat

The Company is subject to Zakat in accordance with the regulation issued by the General Authority of Zakat and Income Tax (ZATCA). Zakat provision is calculated according to the Zakat base of the Company and its directly or indirectly wholly owned subsidiaries. Zakat is levied at a fixed rate of 2.5% on the higher of adjusted zakat profit or zakat base. The management establishes provisions where appropriate based on amounts expected to be paid to the ZATCA and periodically evaluates positions taken in zakat returns in case of any differences. Additional Zakat liability, if any, related to prior years' assessments arising from ZATCA are accounted for in the period in which the assessments are finalized. The provision for income tax is charged to the statement of profit or loss.

3/20/2 - Value Added Tax (VAT)

Revenues, expenses, and assets are recognized net of the amount of VAT, except:

- where VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and
- Receivables and payables are stated with the amount of VAT included.
- The net amount of value added tax (VAT) recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

3/21 SEGMENT REPORTING

(A) The business segments

A business segment is a company of assets, operations, or entities that:

(1) It engages in revenue generating activities,

(2) The management analyses the results of its operations in order to make decisions regarding resource allocation and performance assessment.

(3) Financial information is independently available on it.

(B) The geographical sector

A geographic segment is a Company of assets, operations, or establishments that carry out revenue-generating activities in a specific economic environment that are subject to risks and returns that are different from those operating in other economic environments.

3/22 TRANSLATION TRANSACTIONS IN FOREIGN CURRENCIES

Transactions in foreign currencies are converted into Saudi Riyals according to the prevailing exchange rate on the date of the transactions. Monetary assets and liabilities in foreign currencies are converted into Saudi riyals according to the exchange rates prevailing at the reporting date. Differences resulting from the settlement or translation of cash items are recognized in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates ruling at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates ruling at the date the fair value was determined. The gain or loss arising from the translation of non-monetary items measured at fair value is treated in accordance with the recognition of gain or loss arising from a change of item fair value.

3-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3/23 Expenses

Cost of sales

Cost of sales represents all expenses directly attributable or incidental to the core production activities of the Company.

Selling, marketing and administrative expenses

Selling and marketing expenses are costs arising from the Company's efforts underlying marketing activities and function. All other expenses are classified as administrative expenses. The allocation of common expenses between cost of sales, selling and administrative expenses, where required, is made on a reasonable basis with regards to the nature and circumstances of the common expenses.

3/24 Current versus Non-current classification

The Company presents its assets and liabilities in the statement of financial position based on a current/non-current classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realized within 12 months after the reporting period; or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current assets.

A liability is current when it is:

- Expected to be settled in the normal operating cycle.
- Held primarily for the purpose of trading.
- Due to be settled within 12 months after the reporting period; or
- When there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

All other liabilities are classified as non-current liabilities.

3/25 Related Party Transactions

The disclosure is made in relation to the commercial transactions between the parties who were identified as related parties according to the International Accounting Standard No. (24) - disclosure of the related party as approved by the Saudi Organization for charted and professional Accountants.

3/26 Subsequant Event After The Statement Of Financial Reporting Date

All significant events that occur after the date of the statement of financial position, and where appropriate, amendments or disclosures made in the relevant notes to the financial statements are considered.

ALWASAIL INDUSTRIAL COMPANY
(SAUDI JOINT STOCK COMPANY)
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4 - PROPERTY, PLANT & EQUIPMENTS, net:

Cost:	Land	Buildings and construction	Machinery and Equipments	Injection Molds	Tools	Furnitures and fixtures	Office Equipment	motor	Security devices	Total	2022
balance as at January 1, 2023	53,302,500	63,986,515	158,101,073	24,914,200	10,358,515	3,085,757	7,811,463	29,187,251	2,033,122	352,780,396	337,960,876
Additions during the year	-	-	14,797,028	189,371	93,652	115,010	222,601	3,985,803	9,020	19,412,485	11,591,491
Transfers to intangible assets	-	-	-	-	-	-	-	-	-	-	(668,638)
Transfers from Projects under constructions	-	-	1,795,362	-	-	-	-	-	-	1,795,362	3,896,667
balance as at December31,2023	53,302,500	63,986,515	174,693,463	25,103,571	10,452,167	3,200,767	8,034,064	33,173,054	2,042,142	373,988,243	352,780,396
Accumulated Depreciation:											
balance as at January 1, 2023	-	29,852,806	117,593,534	23,119,061	8,044,639	3,001,166	6,944,867	25,336,172	1,091,366	214,983,611	207,153,907
Depreciation during the year	-	1,625,424	5,486,571	299,375	472,460	55,220	262,369	1,585,837	88,893	9,876,149	8,473,207
Transfers to intangible assets	-	-	-	-	-	-	-	-	-	-	(643,503)
balance as at December31,2023	-	31,478,230	123,080,105	23,418,436	8,517,099	3,056,386	7,207,236	26,922,009	1,180,259	224,859,760	214,983,611
Net book value:											
As at December31,2023	53,302,500	32,508,285	51,613,358	1,685,135	1,935,068	144,381	826,828	6,251,045	861,883	149,128,483	
As at December31,2022	53,302,500	34,133,709	40,507,539	1,795,139	2,313,876	84,591	866,596	3,851,079	941,756		137,796,785

Depreciation expenses are classified between the cost of sales and Genreal and administrative, general, selling and distribution expenses as follows:

	Note	for the year ended December 31, 2023	2022
Cost of sales		8,587,624	6,863,684
Selling and distribution expenses	19	472,737	961,863
Genreal and administrative expenses	20	815,788	647,660
Total		9,876,149	8,473,207

ALWASAIL INDUSTRIAL COMPANY
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5 - INTANGABLE ASSETS, NET

Intangible assets are represented in Microsoft Dynamics software for accounting and warehouse management and other supporting programs, hardware and servers.

	As at December 31,	
	2023	2022
Cost:		
At the begining of the year	3,900,141	3,121,676
Additions during the year	6,350	109,827
Transfers	-	668,638
At the end of the year	3,906,491	3,900,141
Amortization:		
At the begining of the year	2,121,744	1,164,038
Amortization during the year	326,355	314,203
Transfers	-	643,503
At the end of the year	2,448,099	2,121,744
	1,458,392	1,778,397

6- PROJECTS UNDER CONSRUCTION

	As at December 31,	
	2023	2022
Building and constructions (ALYarmouk plant)	1,659,179	877,213
Communications pipe production line	-	1,085,289
UAE factory - machinery and equipment	4,237,095	-
	5,896,274	1,962,502
The movement of projects under Consruction is as follows:		
At the begining of the year	1,962,502	5,681,157
Additions during the year	6,153,303	178,012
Transfers to buildings and structures	-	(3,896,667)
Transfers to machinery and equipment	(1,795,362)	-
Transfers to Spare parts Inventory	(424,169)	-
At the end of the year	5,896,274	1,962,502

During the year 2022, the company's board of directors approved the purchase of a factory amounting to SAR 4.8 million Saudi riyals through a public auction in the United Arab Emirates in the industrial area of Ras Al Khaimah. During the year, the company capitalized and transferred SAR 2.2 million to machinery, equipment and spare parts inventory.

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ALWASAIL INDUSTRIAL COMPANY
(SAUDI JOINT STOCK COMPANY)
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(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)

7. LEASE CONTRACTS:

7-1 Right of use Assets, net

	December 31, 2023	December 31, 2022
Cost		
At the begining of the year	11,088,032	10,384,585
Additions during the year	1,653,422	703,447
Adjustment	63,841	-
Disposals during the year	(96,523)	-
At the end of the year	12,708,772	11,088,032
Accumulated Depreciation		
At the begining of the year	5,979,451	4,337,279
Charged during the year	1,759,894	1,642,172
At the end of the year	7,739,345	5,979,451
Net book value	**4,969,427**	**5,108,581**

7-2 Lease Liabilities

	December 31, 2023	December 31, 2022
At the begining of the year	4,386,187	5,398,212
Additions during the year	1,653,422	703,447
Adjustment	126,470	-
Lease liabilities Payments during the year of liabilitie	(1,979,748)	(1,756,886)
Finance expenses	184,749	41,414
Disposals during the year	(91,521)	-
At the end of the year	4,279,559	4,386,187

Lease liabilities as at the year-end are detailed in the financial position as follows:

	2023	2022
Lease liabilities - Current portion	1,599,016	1,642,172
Lease liabilities - non Current portion	2,680,543	2,744,015
	4,279,559	4,386,187

ALWASAIL INDUSTRIAL COMPANY
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8 - INVENTORY, NET

	As at December 31,	
	2023	2022
Finshed goods	119,683,551	113,827,591
Raw materials	53,113,001	41,036,752
work in progress	7,912,808	6,434,506
Spare parts	7,290,405	4,558,111
Packaging materials	1,552,885	1,585,825
Total Inventory	189,552,650	167,442,785
Less: impairment in value of inventory	(10,502,814)	(10,502,814)
	179,049,836	156,939,971

Movement in the impairment in value of inventory is as follows:

	As at December 31,	
	2023	2022
At the begining of the year	10,502,814	13,800,574
Charged during the year (Note 20)	-	1,500,000
Used during the year	-	(4,797,760)
At the end of the year	10,502,814	10,502,814

9- TRADE RECEIVABLES, NET:

	As at December 31,	
	2023	2022
Trade Receivables	132,324,655	93,488,718
Less: Impairment in value of trade receivables	(25,647,101)	(23,350,841)
	106,677,554	70,137,877

The aging of the Trade receivable is as follows:	2023	2022
From 1 - 30 days	37,083,973	27,039,259
From 31-90 days	34,813,318	21,849,304
From 91-180 days	16,921,554	7,020,243
From 181-270 days	8,949,042	4,513,493
From 271-360 days	2,643,789	5,434,625
More than 360 days	31,912,979	27,631,794
Total	132,324,655	93,488,718

The company is recording the impairment in value of trade receivables based on the aging of overdue receivables, and this provision increases when the receivables become more overdue and where historical experience indicates that the possibility of an increase in the irrecoverable amounts with the increase in the Aging of receivables.

The movement in the expected credit losses provision is as follows:

	As at December 31,	
	2023	2022
At the begining of the year	23,350,841	20,536,269
Charged during the year (Note 19)	2,644,095	3,086,541
Used during the year	(347,835)	(271,969)
At the end of the year	25,647,101	23,350,841

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ALWASAIL INDUSTRIAL COMPANY
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10 - :Prepayments and other debit balances, net

	Note	As at December 31, 2023	2022
Accrued Revenue		22,616,667	21,242,471
Advance payments to suppliers		6,431,763	10,911,608
Petty cash		4,350,189	4,151,525
Letters of Guarantee		4,198,455	10,907,574
Employee loans		4,031,233	3,838,468
Letters of credit		1,175,454	913,308
Checks under collection		982,648	1,076,461
Advance payments to purchase of property and machinery		866,500	5,371,337
Advance payments to purchase investments	10.1	227,318	-
Prepayments		138,839	-
Others		148,923	16,000
		45,167,989	58,428,752
Less: Impairment in value of other debit balances		(3,395,331)	(3,395,331)
Less: Impairment in value of cheques under collection	10.2	(500,000)	-
		41,272,658	55,033,421

10.1 Advance payments to purchase investments:

According to the minutes of the Board of Directors meeting held on June 12, 2023 (corresponding to Dhul-Iqdah 23, 1444), it was approved to sign the acquisition agreement for the entire ownership shares of Shawcor Composite Pipe Systems Middle East Limited, with a total transaction value of 2 million Saudi riyals,Shawcor Composite Pipe Systems Middle East Limited. has not completed and implemented some of the obligations that were agreed upon under the contract. Therefore, the deal has not been completed to date, and Al-Wasail Industrial Company has not paid the deal value of 2 million Saudi riyals to the seller to date.

10.2 Movement in the impairment in value of cheques under collection is as follows:

	2023	2022
At the begining of the year	-	-
Charged during the year	500,000	-
At the end of the year	500,000	-

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-RELATED PARTIES TRANSACTIONS:

ıe company deals, during its normal activities, with parties that are related parties, and they are companies owned or represented by members of the company's board of director who have influential shares in its capital (Affiliate Companies), and include mutual services. These transactions is on commerecial basis and approved by company's bord o rectors the showen balances is not subject to commission and there are no specific terms of payment.

ıe from related parties, net:

	Relationship	Nature of Transactions	Transactions during the year Debit	Transactions during the year Credit	As at December 31, 2023	As at December 31, 2022
layn company (Limited liability company)	Affiliate company	Expenses paid on behelf	5,518	996,552	-	991,034
ıaqib Plastic Company (Limited liability company)	Affiliate company	Commercial dealings	11,258,606	9,940,541	1,624,135	306,070
.Wasaiel Construction means company (Limited liability company)	Affiliate company	Expenses paid on behelf	-	-	7,387,049	7,387,049
					9,011,184	8,684,153
ıpairment in value of related parties					(5,904,480)	(4,939,105
					3,106,704	3,745,048

ıe movement in the impairment in value of due from related parties is as follows:

	2023	2022
the begining of the year	4,939,105	4,939,105
ıarged during the year	965,375	-
the end of the year	5,904,480	4,939,105

- CASH AND CASH EQUIVALENTS:

	As at December 31, 2023	As at December 31, 2022
ısh in Banks	15,528,531	27,571,678
	15,528,531	27,571,678

ALWASAIL INDUSTRIAL COMPANY
(SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2023
(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)

13- Share Capital:

The company's capital was set as at 31 December 2023 In the amount of 250,000,000 riyals (two hundred and fifty million Saudi riyals), divided into 25 million shares of equal value, each share being 1 Saudi riyals.

On 15/06/1443 (01/18/2022), 10% (2,500,000 shares) of the company's shares were listed and started trading in the Saudi parallel financial market "Nomu" under the code (9525), according to the Capital Market Authority's approval decision. On the application for listing the company on 03/28/1443 . Corresponding to 11/3/2021.

Based on the minutes of the Board of Directors meeting held on September 20, 2023 (corresponding to Rabi' al-Awwal 5, 1445), it was approved to split the nominal value of the share from 10 riyals per share to 1 riyal per share, while keeping the company's capital unchanged, and so that the number of company shares became 250,000,000 shares instead. From 25,000,000 shares.

Shareholder's name	Number of Shares	Share Value	Value	Percentge
Honored / Saleh Abdullah Abdul Aziz Al-Mushaiqh	38,908,000	1	38,908,000	15.563%
Honorable / Abdul Rahman Abdullah Abdul Aziz Al-Mushaiqh	33,318,640	1	33,318,640	13.327%
Honorable / Abdul Aziz Abdullah Abdul Aziz Al-Mushaiqh	32,165,998	1	32,165,998	12.866%
Honorable / Abdul Qadir Abdullah Abdul Aziz Al-Mushaiqh	31,083,917	1	31,083,917	12.434%
Honorable / Nasser Abdullah Abdul Aziz Al-Mushaiqh	29,207,740	1	29,207,740	11.683%
Other Shareholders	85,315,705	1	85,315,705	34.126%
	250,000,000	1	250,000,000	100%

14 - Statutory Reserve:

In accordance with by-laws of the Company and Companies Law, the Parent Company transfers 10% of its net profit for the year to the statutory reserve. The Company may resolve to discontinue such transfers when the reserve totals 30% of the share capital, this reserve is not available for distribution.

15- Loans:

The movement in loans during the year is as follows:

	December 31, 2023	December 31, 2022
At the begining of the year	9,755,339	-
Proceeds from Loans during the year	8,608,291	9,755,339
Balances at the end of year	18,363,630	9,755,339
Current portion of Loans	4,000,000	-
Non-Current portion of Loans	14,363,630	9,755,339
	18,363,630	9,755,339

Loan from Saudi Industrial Development Fund:

During the year 2022, the company obtained a long-term financing loan from the Saudi Industrial Fund amounting to SAR 34.9 million for the purpose of financing the factory branch of Al-Wasail Industrial Company in the first industrial city in Al-Qassim, by guaranteeing the mortgage of the assets of the factory branch in addition to promissory notes, provided that the loan is repaid in 13 half installments Ascending annual basis Starting from the beginning of 2024, the first installment of financing was obtained during the fiscal year 2022, with amounting to SAR 9,755,332 .the Second installment of financing was obtained during the fiscal year 2023, with amounting to SAR 8,608,291.

Financial debit Covenants - Loan from Saudi Industrial Development Fund:

The loan agreement from the Saudi Industrial Development Fund includes certain debit Covenants with the Fund under the terms of this agreement, which the company was committed to as at the date of the attached financial statements. The management monitors the debit Covenants periodically, and in the event of any potential breach, the management takes the necessary measures.

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ALWASAIL INDUSTRIAL COMPANY
(SAUDI JOINT STOCK COMPANY)
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(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)

16 - Employees' defined benefits obligations:

The company has used the services of actuarial experts for the actuarial valuation of the employees' end of service benefits in accordance with International Accounting Standard 19, For this purpose, an independent qualified actuary has been appointed to provide an actuarial evaluation of the Company's employee benefits as follows:

	As at December 31,	
	2023	2022
At the begining of the year	9,981,126	9,682,330
current expenses charged on profit / loss	2,051,731	336,935
charged on profit / loss intrest	449,151	152,319
Loss (gains from) actuarial remeasurement charged on other comprehinsive icome	953,757	(137,239)
Payments during the year	(462,938)	(53,219)
At the end of the year	12,972,827	9,981,126

Main actuarial defaults:		
Discount rate used	5.50%	6.00%
Salary increase rate	3.00%	3.00%

sensitivity analysis

The sensitivity analysis mentioned below relies on potential changes in assumptions that may occur at the end of the financial statements period while keeping other assumptions constant. Positive values represent an increase in liability, whereas negative values represent a decrease in liability.

	31 December 2023	31 December 2022
Increase in discount rate by 1%	(1,246,264)	(956,683)
Decrease in discount rate by 1%	1,351,317	1,042,014
long-term salary increases by 1%	(1,352,120)	(1,042,883)
long-term salary decreases by 1%	1,244,564	955,107

17 - Accrued Expenses and other credit balances:

	As at December 31,	
	2023	2022
Advance payments from customers	10,445,345	6,620,658
Accrued expenses	5,866,502	5,143,140
Accrued Employees	2,756,121	2,741,415
VAT	1,329,703	371,130
	20,397,671	14,876,343

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ALWASAIL INDUSTRIAL COMPANY
(SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2023
(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)

18- Zakat provision

	December 31	
	2023	**2022**
Profit before zakat	41,125,990	39,037,782
profit adjustment	6,610,352	5,075,795
adjusted profit	47,736,342	44,113,577
additions items	407,590,444	371,915,763
deducted items	(161,492,483)	(152,017,603)
Zakat base resulting from the difference in the number of days in the Gregorian year from the Hijri year	**301,481,415**	**270,844,731**
Accrued zakat 2.5% of the adjusted net profit or the zakat base, whichever is greater	**7,537,035**	**6,771,118**

Movements in the zakat provision is as follows:

	2023	**2022**
At the begining of the year	6,771,118	6,330,738
Charged during the year	7,537,035	6,771,118
Paid during the year	(6,771,118)	(6,330,738)
At the end of the year	**7,537,035**	**6,771,118**

The company submitted its zakat returns to the Zakat, Tax and Customs Authority until the fiscal year ended on December 31, 2022 and paid the dues based on the submitted returns, and a certificate was till April 30, 2024.

During the fiscal year 2023, the company received inspection requests from the Zakat, Tax, and Customs Authority for the years (2018-2021), and the company provided the required inspection documents for those years. The Zakat, Tax, and Customs Authority completed the inspection for 2018 and submitted a final adjustment declaration for the year 2018 with Zakat differences amounting to SAR 9,896, which was paid. The fiscal periods of (2019 - 2021) are still under review.

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ALWASAIL INDUSTRIAL COMPANY
(SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2023
(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)

19- Selling and distribution expenses:

	Note	for the year ended December 31, 2023	2022
Shipping, transportation and loading		13,461,291	11,826,143
Salaries wages and related costs		11,559,481	10,085,489
Sales commission		4,120,005	1,656,259
Expected credit loss provision expense	9	2,644,095	3,086,541
Maintenance and spare parts		1,939,624	2,379,364
Depreciation of right-of-use assets	7	1,759,894	1,642,172
Bank charged		1,675,880	2,082,612
Leave and travel allowance		1,672,659	1,368,565
Employees' defined benefits obligations	16	1,046,949	313,615
Impairment in value of due from related parties	11	965,375	-
Advertising and promotion		916,067	1,203,121
Governmental fees		649,126	1,035,738
Medical insurance and treatment		666,935	661,828
Depreciation of property, plant and equipment	4	472,737	961,863
Mail and Phone		252,454	406,264
electricity and water		227,958	266,981
Hospitality and cleaning expenses		202,642	173,860
Office Equipment		185,597	201,071
Rents		144,416	412,411
Other		1,526,929	1,253,659
		46,090,114	41,017,556

20 -GENERAL AND ADMINISTRATIVE EXPENSES:

	Note	for the year ended December 31, 2023	2022
Salaries wages and related costs		8,470,517	6,801,056
Governmental fees		1,543,161	1,332,981
Leave and travel allowance		1,375,469	671,300
Remuneration and dues for company committees		2,160,000	1,925,000
Employees' defined benefits obligations	16	988,847	233,886
Depreciation of property, plant and equipment	4	815,788	647,660
Amortization of Intangible assets		326,355	314,203
Software and network services		610,633	920,130
Medical insurance and Treatment		520,995	494,095
Impairment in value of cheques under collection	10	500,000	-
Mail and Phone		435,458	555,652
Professional fees		409,953	497,889
Bank charges		150,613	127,205
Fuel, maintenance and car insurance		147,042	303,858
Work and travel missions		140,243	86,451
Stationery and prints		96,671	138,593
impairment in value of inventory		-	1,500,000
other		1,106,419	878,707
		19,798,164	17,428,666

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ALWASAIL INDUSTRIAL COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31,2023
(ALL AMOUNTS ARE IN SAUDI RIYALS UNLESS OTHERWISE STATED)

21- Basic and Diluted Earnings Per Share:	December 31,	
	2023	2022
Profit from operations	42,050,184	39,441,760
Net Profit for the year	33,588,955	32,266,664
Weighted average number of shares outstanding during the year (number)	250,000,000	250,000,000
Basic and diluted earnings per share from profit from operations	0.17	0.16
Basic and diluted earnings per share from net profit for the year	0.13	0.13

The calculation of basic and earnings per share is based on the profit attributable to ordinary shareholders and the weighted average of the outstanding ordinary shares. Diluted earnings per share for the year ended December 31, 2023, was calculated based on the weighted average number of outstanding shares at the end of the year. Diluted earnings per share are the same as basic earnings per share since the company does not have convertible securities or dilutive financial instruments. The weighted average number of shares as of December 31, 2022, was retrospectively adjusted to align with the weighted average number of new shares after the stock split during the year 2023 (note (13)), as required by International Accounting Standard 33 (Earnings Per Share).

22-Dividend:

Based on the decision of the Ordinary General Assembly held on March 28, 2023, to authorize the Board of Directors to distribute dividends for the fiscal year 2022, the meeting of the Extraordinary General Assembly held on Shawwal 11, 1444 corresponding to May 1, 2023, voted to distribute cash dividends to the company's shareholders at 7.5% of the capital. The equivalent of (0.75 Saudi riyals per share) for the year 2022, with a total amount of 18.75 million Saudi riyals, provided that the eligibility is for the shareholders who own shares on the due day and are registered in the company's shareholder register at the Depository Center.

Based on the decision of the Ordinary General Assembly held on March 13, 2022, authorizing the Board of Directors to distribute dividends for the fiscal year 2021, a vote was conducted at the Extraordinary General Assembly held on Shawwal 16, 1443 AH, corresponding to May 17, 2022, to distribute cash dividends to the company's shareholders at a rate of 5%.At the meeting, an amount equivalent to (0.50 Saudi riyals per share) for the year 2021 was voted from the capital, with a total amount of 12.5 million Saudi riyals, provided that eligibility is for shareholders who own shares on the due date and are registered in the company's shareholder register at the Depository Center.

23- Contingent liabilities:

There are financial commitments against letter of credits and contingent commitments against letters of guarantee on the date of the financial position as follows.

		As at 31 December	
	Contingent liabilities	Value	Insurance
letters of guarantee			
2023	2,682,917	6,881,372	4,198,455
2022	5,800,264	16,707,838	10,907,574
letters of credits			
2023	6,655,853	7,831,307	1,175,454
2022	5,170,797	6,084,105	913,308

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ALWASAIL INDUSTRIAL COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31,2023
(ALL AMOUNTS ARE IN SAUDI RIYALS UNLESS OTHERWISE STATED)

24- SEGMENTAL INFORMATION:

Management continually analyzes the results of its operations in order to make decisions regarding resource allocation and performance assessment. The company presents basic financial statements according to sales.

A geographical segment is a group of assets or operations that engage in revenue generating activities in a specific economic environment that are subject to risks and returns different from those operating in other economic environments.

Sales Analysis, cost of sales and gross profit or loss by geographical regions

Statement	For the year ended 31-Dec-23			For the year ended 31-Dec-22		
	Sales	Cost of sales	Gross profit	Sales	Cost	Gross profit
South Region	31,268,533	(23,651,944)	7,616,589	23,862,917	(17,807,066)	6,055,851
Eastern Region	97,672,406	(73,880,737)	23,791,669	58,602,178	(43,730,315)	14,871,863
North Region	36,335,749	(27,484,855)	8,850,894	26,969,603	(20,125,348)	6,844,255
Western Region	60,199,758	(45,535,916)	14,663,842	43,986,085	(32,823,445)	11,162,640
Central Region	190,506,124	(144,803,503)	45,702,621	194,193,150	(145,131,178)	49,061,972
Export sales	30,021,567	(22,708,720)	7,312,847	38,976,801	(29,085,400)	9,891,401
Total	**446,004,137**	**(338,065,675)**	**107,938,462**	**386,590,734**	**(288,702,752)**	**97,887,982**

25. FINANICAL INSTRUMNTS

Capital Management

The company manages its capital to ensure the company's continuity as a going concern and to increase returns to shareholders by improving the balance of debt and equity. The company's overall strategy has not changed since the previous year. The company's capital structure consists of equity and debt, which includes authorized share capital, statutory reserves, retained earnings, and loans.

	December 31	
	2023	**2022**
Financial Assets		
Cash and its equivalents	15,528,531	27,571,678
Trade Receivables	106,677,554	70,137,877
Prepayment and other Debit balance	41,272,658	55,033,421
Due from related parties	3,106,704	3,745,048
Less: advance to suppliers	(6,431,763)	(10,911,608)
Less: Prepayments	(138,839)	-
	160,014,845	145,576,416
Financial Liabilities		
Current portion of Loans	4,000,000	-
Trade Receivables	83,506,330	68,158,538
Less: Accrued expenses and other credit balance	20,397,671	14,876,343
Less: Advance payments from customers.	(10,445,345)	(6,620,658)
	97,458,656	76,414,223

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25. FINANICAL INSTRUMNTS(CONTINUED)

Market Risk

The Company was exposed to market risk, in the form of interest rate risk as described below, during the period under review. There were no changes in these circumstances from the previous year.

Foreign Currency Risk Management

The Company's significant transactions are in Saudi Riyals and United States Dollars which are pegged against the Saudi Riyal at a fixed exchange rate. Management monitors fluctuations in foreign exchange rates and manages their effect on the financial statements accordingly. The Company did not have any significant foreign currency denominated monetary assets or liabilities at the reporting date for which it was exposed to foreign currency fluctuations. Consequently, no foreign currency sensitivity analysis has been presented.

Interest Rate and Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The company is exposed to interest rate risks due to borrowing funds at variable interest rates. The company does not hedge its exposure to changes in interest rates.

Credit Risk Management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Potential concentrations of credit risk consist principally of trade receivables, amounts due from a related party and short-term cash investments. Details of how credit risk relating to trade receivables is managed is disclosed in note 9. The amounts due from a related party are monitored and provision is made, where necessary, for any irrecoverable amounts. Short-term cash investments are only placed with banks with a high credit rating.

Fair value of financial instruments

The management believes that the carrying amounts of financial instruments reported in the financial statements approximate their fair values.

26. COMPARATIVE FIGUTES RECLASSIFICATION

The comparative figures for the year ended December 31, 2022 have been reclassified to be in line with the current year's classification.

27. SUBSOURNT EVENTS

On January 29, 2024, corresponding to 17 Rajab 1445, the Extraordinary General Assembly of the ALwasail Industrial Company approved the purchase of a number of its own shares, up to a maximum of 500,000 shares, with the aim of allocating them to the company's employees as part of an employee stock program. The purchase will be financed from the company's available cash, and the Board of Directors is authorized to complete the purchase within a maximum period of twelve months from the date of the assembly's decision. As of the date of approval of the accompanying financial statements, the company has not implemented this decision.

28. APPROVING THE FINANCIAL STATMENTS:

The issuance of the accompanying financial statements was approved by the company's board of directors on 17 Ramadan 1445H (Corresponding to 27 March 2024).

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8-3 Audited financial statements for the fiscal year ending December 31, 2024G

ALWASAIL INDUSTRIAL COMPANY
(A SAUDI JOINT STOCK COMPANY)
FINANCIAL STATEMENTS
TOGETHER WITH THE INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2024

ALWASAIL INDUSTRIAL COMPANY
(A SAUDI JOINT STOCK COMPANY)
FINANCIAL STATEMENTS
TOGETHER WITH THE INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2024

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" INDEPENDENT AUDITOR'S REPORT "

TO THE SHAREHOLDERS OF Alwasail Industrial Company
(A Saudi Joint Stock Company)

Opinion:
We have audited the financial statements of the **Alwasail Industrial Company** (**A Saudi Joint Stock Company**) **("the Company")** which comprise the statement of financial position as at December 31, 2024, and the statement of profit or loss and other comprehensive income, changes in Shareholders equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for chartered and professional Accountants "SOCPA".

Opinion Basis:
We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia(ISAs)Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the code of professional conduct and ethics approved in the Kingdom of Saudi Arabia that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each key audit matter, a description of how our audit addressed the matter is set out below:

Key audit matters	Procedures performed to wardks ey audit matters
Revenue recognition: During the year ended 31 December 2024, Company's revenue amounted to SAR 460.1 million (December 31,2023: SAR 446 million). • The company continues to be under pressure to meet goals and expectations which may lead to misstatements in revenue. • Revenue recognition is a key audit matter because there is a risk that management may override controls to misrepresent revenue transactions. Please refer to Note No 3/19 for revenue accounting policy and Note No. (19) for the relevant disclosure on the accompanying financial statement.	We have performed the following procedures regarding revenue recognition: • Evaluating the appropriateness of the accounting policies related to the revenue recognition of the company by taking into consideration the requirements of IFRS 15 "Revenue from Contracts with customers". • Evaluating the design, implementation and testing of the operational effectiveness of the Company control procedures, including the control procedures to prevent fraud when recognizing revenue in accordance with the company policy. • Testing sales transactions, on a sample basis, and perform cut-off tests of revenue made at the beginning and end of the year to assess whether the revenue has been recognized in the correct period. • Testing sales transactions, on a sample basis, and verify the supporting documents, to ensure the accuracy and validity of revenue recognition.

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INDEPENDENT AUDITOR'S REPORT(CONTINUED)

Key audit matters (continued)	Procedures performed to wards key audit matters (continued)
Inventory: Inventory is considered a key audit matter due to the nature of the activity of the company that depends primarily on the inventory in generating revenue and the extend of its impact on business results. As at December 31, 2024, the Company's net inventory balance amounted to SAR 195.7 million (December 31, 2023: SAR 179 million), representing approximately 55.7% of total current assets and 37.9% of the total assets of the Company as at December 31, 2024 (December 31, 2023: 51.8% of total current assets and 35.3% of total assets). and given the importance of the inventory balance, valuations, and assumptions related to its obsolescence and decline in its value, this matter was considered key audit matter. Please refer to note No (3/8) for inventory accounting policy and note No (8). for the relvant disclosure on the accompanying financial statement .	We have performed the following procedures regarding existence and valuation of inventory balance: • Attending the physical inventory count held by the company. • Evaluating the design and effectiveness of internal control procedures for the inventory accounting cycle. • Evaluate the appropriateness and adequacy of the inventory disclosures in the accompanying financial statements. • Testing the correctness of measuring inventory at cost or net realizable value, whichever is lower.
Impairment in value of trade receivables: As at December 31, 2024, the total balances of trade receivables amounted to SAR 135 million (December 31, 2023: SAR 132.3 million), and a Impairment in value of trade receivables of SAR 30.6 million (December 31, 2023 : SAR 25.6 million). The company Impairment in value of trade receivables are based on management's estimate of the lifetime expected credit losses to be incurred, which is estimated by taking into account the credit loss experience, aging of trade receivables, customers' repayment history and customers' financial position and an assessment of both the current and forecast general economic conditions. All of which involve a significant degree of management judgement. We have identified impairment in value of trade receivables as a key audit matter because recognition of loss allowance is inherently subjective and requires significant management judgement, which increases the risk of error or potential management bias. Please refer to note No (2/4/1) for the impairment in value of trade receivables accounting policy and note No. (9) for the relevant disclosure on the accompanying financial statements.	We performed the following procedures in relation to evaluating provision of expected credit losses trade receivables: • Assessing the design and implementation of management's key controls relating to credit control, debt collection and estimation of expected credit losses. • Assessing, on a sample basis, whether items in the trade debtors' aging report were classified within the appropriate aging bracket by comparing individual items in the report with underlying documentation, which included sales invoices and goods delivery notes. • Obtaining an understanding of the key parameters and assumptions of the expected credit loss model adopted by the management, including historical default data and management's estimated loss rates. • Assessing the reasonableness of management's loss allowance estimates by examining the information used by management to form such judgements, including testing the accuracy of the historical default data and evaluating whether the historical loss rates are appropriately adjusted based on current economic conditions and forward-looking information; and • Inspecting, on a sample basis, cash receipts from customers subsequent to the financial year end relating to trade receivables balances as at 31 December 2024 with bank statements and relevant remittance documentation

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INDEPENDENT AUDITOR'S REPORT(CONTINUED)

Other information included in the company annual report for the year ended 31 December 2024:
other information comprises the information included in the company annual report for the year ended 31 December 2024, other than the financial statements and the auditor's report thereon Management is responsible for the other information.

Our opinion on the financial statements does not cover other information and we do not and will not express any form of assurance conclusion thereon. In our audit of the financial statements, it is our responsibility to read the other information described above. In doing so, we consider whether the other information is not materially consistent with the financial statements or knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if available to us, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRSs) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, and the applicable requirements of the regulations for companies and the Company's By-laws, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the company ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, the Board of Directors, are responsible for overseeing the company financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements:
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards an auditing ("ISAs") that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ("ISAs") that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional commissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company ability to continue as a going concern.

forvis mazars

Al Kharashi & Co.
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INDEPENDENT AUDITOR'S REPORT(CONTINUED)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For Al-Kharashi & Co.

Abdullah S. Al Msned
License No. (456)

Riyadh:
23 Ramadhan 1446 H
23 March 2025

الخــراشــي وشــركــاه
محاسبون و مراجعون قانونيون
س.ت: 1010327044 C.R.:
Certified Accountants
& Auditors
AL-Kharashi Co.

ALWASAIL INDUSTRIAL COMPANY
(A SAUDI JOINT STOCK COMPANY)
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2024
(All Amounts are in Saudi riyals unless otherwise stated)

		DECEMBER 31	
		2024	**2023**
ASSETS			
Non-current assets			
Property,plant and Equipment, net	4	149,459,646	149,128,483
Project under constructions	5	9,815,934	5,896,274
Intangible assets, net	6	1,146,381	1,458,392
Right-of-use assets, net	7-1	4,992,110	4,969,427
Total non-current assets		**165,414,071**	**161,452,576**
Current assets			
Inventory, net	8	195,749,721	179,049,836
Trade receivables, net	9	104,359,431	106,677,554
Prepayments and other debit balances, net	10	41,609,121	41,272,658
Due from Related parties, net	11	860,654	3,106,704
Cash and cash equivalents	12	8,525,491	15,528,531
Total current assets		351,104,418	**345,635,283**
Total assets		**516,518,489**	**507,087,859**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' Equity			
Share capital	13	250,000,000	250,000,000
Statutory reserve	14	43,486,530	39,572,847
Retained earnings		68,221,015	70,497,867
Employees defined benefit obligations remeasurement reserve		(511,539)	(39,907)
Total Shareholders' equity		**361,196,006**	**360,030,807**
Non-current liabilities			
Long term loans – noncurrent portion	15-1	13,102,473	14,363,630
Employees' defined benefits obligations	16	15,460,436	12,972,827
Lease liabilities – non Current portions	7-2	2,763,593	2,680,543
Total non-current liabilities		**31,326,502**	**30,017,000**
Current liabilities			
Long term loans – current portion	15-1	4,400,000	4,000,000
Short term loans	15-2	991,250	-
Trade Payable		82,804,070	83,506,330
Accrued expenses and other credit balances	17	27,697,079	20,397,671
Lease liabilities – current portion	7-2	1,820,597	1,599,016
Zakat provision	18	6,282,985	7,537,035
Total current liabilities		**123,995,981**	**117,040,052**
Total liabilities		**155,322,483**	**147,057,052**
Total equity and liabilities		**516,518,489**	**507,087,859**

Chief financial officer | **Chief executive officer** | **Chairman of the Board of Directors**

The accompanying notes are an integral part of these financial statements.

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ALWASAIL INDUSTRIAL COMPANY
(A SAUDI JOINT STOCK COMPANY)
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER, 2024
(All Amounts are in Saudi riyals unless otherwise stated)

	Note	FOR THE YEAR ENDED DECEMBER 31 2024	2023
Revenues	19	460,105,865	446,004,137
Cost of revenues	20	(336,450,375)	(338,065,675)
Gross profit		**123,655,490**	**107,938,462**
Operating Expenses:			
Selling and distribution expenses	21	(53,432,367)	(43,446,019)
General and administrative expenses	22	(22,591,938)	(19,798,164)
Impairment in value of trade receivables	9	(11,562,980)	(2,644,095)
Profit from Operations		**36,068,205**	**42,050,184**
Profits from sale of investment in a subsidiary company	23	9,646,962	-
Finance Expenses		(485,719)	(1,251,160)
Other income		190,368	326,966
Profit before zakat for the year		45,419,816	**41,125,990**
Zakat	18	(6,282,985)	(7,537,035)
Net profit for the year		**39,136,831**	**33,588,955**
Other comprehensive loss			
Item that will not be subsequently reclassified at a later time to profit or loss			
Actuarial losses from remeasurement of employee benefit obligations	16	(471,632)	(953,757)
Total comprehensive income for the year		**38,665,199**	**32,635,198**
Earnings per share (SAR)	24		
Basic and diluted Income per share from net profit for the year		0.16	0.13

Chief financial officer	**Chief executive officer**	**Chairman of the Board of Directors**

The accompanying notes are an integral part of these financial statements.

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Statutory Reserve	Retained Earnings	Employees defined benefit obligations remeasurement reserve	Total
36,213,951	59,017,808	913,850	346,145,609
-	33,588,955	-	33,588,955
3,358,896	(3,358,896)	-	-
-	-	(953,757)	(953,757)
-	(18,750,000)	-	(18,750,000)
39,572,847	**70,497,867**	**(39,907)**	**360,030,807**
-	39,136,831	-	39,136,831
3,913,683	(3,913,683)	-	-
-	-	(471,632)	(471,632)
-	(37,500,000)	-	(37,500,000)
43,486,530	**68,221,015**	**(511,539)**	**361,196,006**

Chairman of the Board of Directors

ıf these financial statements.

ALWASAIL INDUSTRIAL COMPANY
(A SAUDI JOINT STOCK COMPANY)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER, 2024
(All Amounts are in Saudi riyals unless otherwise stated)

	Note	FOR THE YEAR ENDED DECEMBER 31 2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before zakat for the year		45,419,816	41,125,990
Adjustments for non-cash items:			
Depreciation of property, plant and equipment	4	10,618,879	9,876,149
Amortization of intangible assets	6	327,076	326,355
Depreciation of the right of use of assets	7-1	2,002,356	1,759,894
Finance Costs		485,719	1,251,160
Impairment Losses on trade receivables	9	11,562,980	2,644,095
Profits from sale of investment in a subsidiary company	23	(9,646,962)	-
Used impairment Losses on trade receivables	9	(6,534,367)	(347,835)
Impairment in value of cheques under collection	10-3	450,000	500,000
Used impairment in value of cheques under collection	10-3	(485,863)	-
Impairment in value of other debit balances	10-2	635,428	-
Used impairment in value of other debit balances	10-2	(3,586,411)	-
Impairment in value of due from related parties	11	1,703,267	965,375
Used impairment in value of due from related parties	11	(7,607,747)	-
Employees' defined benefits obligations	16	2,890,249	2,500,882
		48,234,420	**60,602,065**
Changes in working capital			
Trade receivables, net		(2,710,490)	(38,835,937)
Prepayments and other debit balances, net		119,878	13,260,763
Due from related parties		8,150,530	(327,031)
Inventory, net		(16,699,885)	(22,684,477)
Trade payable		(701,918)	15,347,793
Accrued expenses and other credit balances		7,299,408	5,521,328
Employees' defined benefits obligations Paid	16	(874,272)	(462,938)
Zakat paid	18	(7,537,035)	(6,771,118)
Net cash flow generated from operating activities		**35,280,636**	**25,650,448**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Additions to property, plant and equipment	4	(10,950,38)	(19,412,485)
Additions to project under constructions	5	(3,919,660)	(6,153,303)
Additions to intangible assets	6	(15,065)	(6,350)
Proceeds from sale of investment in a subsidiary company	23	12,000,000	-
Net cash used in investing activities		**(2,885,108)**	**(25,572,138)**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Paid dividends	25	(37,500,00)	(18,750,000)
Payments of lease liabilities	7-2	(2,028,661)	(1,979,748)
Proceeds from long term loans	15	3,138,843	8,608,291
Payments of Long term Loans	15	(4,000,000)	-
Proceeds from short term loans	15	1,586,000	-
Payments of short term Loans	15	(594,750)	-
Net cash used in financing activities		**(39,398,568)**	**(12,121,457)**

(continued)

The accompanying notes are an integral part of these financial statements.

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ALWASAIL INDUSTRIAL COMPANY
(A SAUDI JOINT STOCK COMPANY)
STATEMENT OF CASH FLOWS (Continued)
FOR THE YEAR ENDED 31 DECEMBER, 2024
(All Amounts are in Saudi riyals unless otherwise stated)

	Note	FOR THE YEAR ENDED DECEMBER 31, 2024	2023
Net change in cash and cash equivalents		(7,003,040)	(12,043,147)
Cash and cash equivalents at the beginning of the year		15,528,531	27,571,678
Cash and cash equivalents at the end of the year	12	**8,525,491**	**15,528,531**
Supplementary information for non-cash transactions:			
Additions to the assets of right-of-use assets and lease liabilities	7-1	2,046,143	1,653,422
Transfers from project under constructions to property, plant and equipment	5	-	1,795,362
Transfers from projects under constructions to inventory	5	-	424,169

Chief financial officer | **Chief executive officer** | **Chairman of the Board of Directors**

The accompanying notes are an integral part of these financial statements.

9

ALWASAIL INDUSTRIAL COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31,2024
(ALL AMOUNTS ARE IN SAUDI RIYALS UNLESS OTHERWISE STATED)

1. THE COMPANY AND NATURE OF ITS BUSINESS:

Al-Wasail Industrial Company (the "Company") registered as a Saudi joint stock company in the city of Buraidah, commercial registration No. 1131002483 dated 29/03/1400, and license No. 97, dated 24/2/1410, renewed with No. 1818/R, dated 3/4/1433, renewed No. 2343, dated 28/07/1436.
The company's activity is represented in the wholesale sale of plastic materials, rubber and synthetic fibers. and the manufacturing of plastic pipes, hoses, tubes, their components, and accessories
Corresponding to 28/03/1443 corresponding to 3/11/2021, the Capital Market Authority issued a decision on the issuer on the company's request and offering (2,500,000) shares representing (10%) of its shares in the parallel market "Nomu"
Date On 15/06/1443 (corresponding to 18/01/2022), 10% (2,500,000 shares) of the company's shares were listed and started trading in the parallel Saudi Stock Exchange "Nomu" under the symbol (9525).

The accompauing financial statements include the following accounts of the company and its branches inside and outside the Kingdom:

registration number	location	commercail Name	date
1010186559	Riyadh	Alwasail industrial Company Branch	13/03/1424
1011012952	Kharj	Alwasail industrial Company Branch	22/01/1430
1123001161	Zulfi	Factory of alwsail industrial for irrigation systems company	05/04/1420
1131009107	Buraidah	Factory of alwsail industrial	15/07/1411
1131014314	Buraidah	The Saudi Factory for Rubber Products, a branch of AlWasail	12/03/1419
1131057343	Buraidah	Alwasail industrial Company	06/04/1438
1131310613	Buraidah	Factory of alwsail industrial branch	22/05/1442
1131321747	Buraidah	Alwasail industrial Company Branch	14/11/1443
1185001973	Wadi aldwasr	Factory of alwsail industrial for irrigation systems company	24/10/1423
2050022409	Dammam	Alwasail industrial Company	03/07/1412
3350011868	Hail	Alwasail industrial Company	04/06/1415
3400007912	Skaka	Alwasail industrial Company	25/04/1416
3550013583	Tabouk	Alwasail industrial Company	03/09/1416
4030185911	Jeddah	Alwasail industrial Company	28/01/1430
4031098380	Makkah	Alwasail industrial Company	21/03/1438
4032022430	Taif	Alwasail industrial Company	12/08/1422
4650027803	Madina	Alwasail industrial Company	28/11/1419
4651002121	Ula	Alwasail industrial Company	01/11/1436
5855055736	Khamis mashid	Alwasail industrial Company	09/11/1434
5900008328	Jazan	Alwasail industrial Company	30/01/1428
5950006519	Najran	Alwasail industrial Company	12/03/1420
5957100856	Jazan City for Primary and Conversion Industries	Alwasail industrial Company(under Write off)	16/6/1444
11331768	Sultanate of Oman - Muscat	Alwasail industrial Company - Oman	17/03/1440
CN-2760638	UAE	Alwasail industrial Company- Abu Dhabi	26/07/1440

Company Address
The company's address is: 3806 Qassim - Riyadh Road- - Madinah Expressway - Yarmouk District Unit No. 16 Buraydah 52315-6331

2. BASIS OF PREPARATION

2/1- Statement of compliance:

These financial statements have been prepared in accordance with International Financial Reporting Standard "IFRS" that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for charted and professional Accountants ("SOCPA")

2/2- Basis of measurement:

The financial statements have been prepared on the historical cost basis except for employee defined benefit obligation which is measured at present value of future obligations using Projected Unit Credit Method) and using the accrual accounting principle and the going concern concept.

2/3- Functional and presentation currency:

The financial statements are presented in Saudi Riyal, which is the company functional and presentation currency, All values are rounded to the nearest Saudi Riyal unless otherwise stated.

2/4- Significant accounting estimates and judgments

The preparation of the financial statements requires management to use judgments, estimates and assumptions that affect the application of accounting policies and the amounts of assets, liabilities, income and expenditures recorded. Such estimates and judgments are evaluated on an ongoing basis based on past experience and some other factors, including expectations of future events that are believed to be reasonable according to the circumstances and data, and as a result, they form the basis for making judgments about the carrying amounts of assets and liabilities that are not visible from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are examined on the basis of the going concern concept. A review of accounting estimates is included in the period in which the estimates are examined if the examination affects only that period or in the review period and future periods if the examination affects both current and future periods.

2/4/1 When applying the company accounting policies, the management made assumptions and estimations for uncertainties, which are important to the financial statements:

A- Impairment in value of trade receivable and other debit balances

Trade receivable and other receivables are stated at amortized cost which is reduced by provisions related to the estimated non-recoverable amounts. The estimated non-recoverable amounts are based on the ages of the receivables and historical experience adjusted appropriately for future projections. Individual trade receivables are written off when management believes that they cannot be collected.

B- Impairment in value of inventory

Inventories are valued at cost or net realizable value whichever is lower. Adjustments are made to reduce the cost of goods to their realizable value based on an estimate made at each financial period, if necessary. The company management determines the estimation of the slow-moving inventory amount. Factors that influence these adjustments include changes in demand and physical deterioration.

C- Defined benefit liabilities

employee Defined benefit obligations are determined using an actuarial valuation that requires estimation of various inputs. These estimates were disclosed in Note No. (16).

D-Useful lives and residual values of property, plant and equipment and intangible assets

An estimate of the useful lives and residual values of property, plant and equipment and intangible assets is made for the purposes of calculating depreciation and amortization respectively. These estimates are made based on expected usage for useful lives. Residual value is determined based on experience and observable data where available.

ALWASAIL INDUSTRIAL COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31,2024
(ALL AMOUNTS ARE IN SAUDI RIYALS UNLESS OTHERWISE STATED)

2.BASIS OF PREPARATION (CONTINUED)

2/4/2 When applying the Company accounting policies, the management made the following judgments and estimates, which are important to the financial statements:

A- Determination of whether the company is acting as a principal or agent.
The principles of IFRS 15 revenue from customer contracts are applied by identifying each specific good or service pledged to the customer in the contract and assessing whether the company retains control over the specified good or service before transferring it to the customer. This evaluation requires significant judgment based on specific facts and circumstances.

B- Significant judgements in determining the lease term for contracts that include renewal options:
The company defines the lease term as the irrevocable term of the lease, together with any periods covered by the option to extend the lease if that right can reasonably be exercised, or any periods covered by the option to terminate the lease, if it is reasonably certain that it will not exercise this right.

C- Significant Judgements in the application IFRS 15:

Determining the transaction price
The company is required to determine the transaction price in respect of each of its contracts with customers. In making such judgement the company assesses the impact of any variable consideration within the contract. In determining the variable consideration, the company uses the “most-likely amount” method whereby the transaction price is determined by reference to the single most likely amount in a range of possible consideration amounts.

Determining the timing of satisfaction of performance obligations
The company has concluded that revenues for goods and other services are to be recognised over time because the customer simultaneously receives and consumes the benefits provided by the company.
Revenue from Production and the sale of goods are recognized at a point in time because the customer does not simultaneously receive and consume the benefits provided by the company. In practice the Company records revenues when we deliver the goods. The change of control over goods is satisfied when we deliver goods to customers accordingly the risk of defect and loss is transferred to customer at that point in time.

Determination of whether the company is acting as a principal or agent.
The principles of IFRS 15 revenue from customer contracts are applied by identifying each specific good or service pledged to the customer in the contract and assessing whether the company retains control over the specified good or service before transferring it to the customer. This evaluation requires significant judgment based on specific facts and circumstances.

3-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these financial statements are in accordance with the International Financial Reporting Standards as adopted in the kingdom of Saudi Arabia and other standards and others issued by the Saudi Organization of Chartered and professional Accountants.

3.1 New Standards, Amendment to Standards and Interpretations:
3/1/1 New and amended standards that do not have a material impact on the financial statements.
The following are the recent changes to IFRS that must be applied in annual periods beginning on January 1, 2024.
• Amendments to IFRS 16 – Leases on sale and leaseback:
These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.
• Amendments IAS 1 – Non-current liabilities with covenants and Classification of Liabilities as Current or Noncurrent Amendments:
These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.

ALWASAIL INDUSTRIAL COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31,2024
(ALL AMOUNTS ARE IN SAUDI RIYALS UNLESS OTHERWISE STATED)

3-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

3.1 New Standards, Amendment to Standards and Interpretations (CONTINUED):

3/1/1 New and amended standards that do not have a material impact on the financial statements (CONTINUED):

• Amendments to IAS 7 and IFRS 7 – Supplier finance arrangements:
These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk.
The application of the amended standards did not have any material impact on the amounts recognized in the current year and previous years.

3.1.2 Standards issued but not yet effective.
• Amendments to IAS 27 – Lack of exchangeability:
An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose.
• Amendments to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments
clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and
- make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).
• IFRS 18, 'Presentation and Disclosure in Financial Statements'
This is the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:
- the structure of the statement of profit or loss;
- required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.
• These above standards' amendments are not expected to have a material impact on the Company's financial statements.

3/2 Date of the financial statements report
The financial statements include the financial statements of the company (referred to as "the Company"). The company's fiscal year begins on the first of January of each calendar year and ends on December 31 of the same year.

3/3 Property, plant, and equipment
3/3/1- recognition and measurement
- Property, plant, and equipment owned for use in the production or supply of goods or services, or for use for administrative purposes, are stated at cost after deducting accumulated depreciation and/or accumulated impairment losses, if any. Land is shown at cost and is not depreciated.
- Cost includes the cost of replacing parts of property, machinery, and equipment. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognizes these parts as individual assets with specific useful lives that are depreciated accordingly. All other repair and maintenance costs are included in the income statement when incurred as period expenses.
- Properties under construction for production, supply, or administrative purposes are stated at cost less any recognized impairment losses. The cost includes professional fees and, for qualifying assets, borrowing costs are capitalized. Such property is classified into the appropriate category of property, machinery, and equipment when it is completed and prepared for the specific use.

ALWASAIL INDUSTRIAL COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31,2024
(ALL AMOUNTS ARE IN SAUDI RIYALS UNLESS OTHERWISE STATED)

3-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(CONTINUED)

3/3/2- Derecognition

An item of property and equipment is derecognized when it is sold or when future economic benefits are not expected to flow from its use or sale. Gains or losses arising from derecognition of an item of property and equipment are included in the statement of profit or loss and other comprehensive income.

- The residual value, useful lives, and methods of depreciation of property, machinery, and equipment are reviewed at the end of each fiscal year and amended with future effect, if appropriate.

3/3/3- post-acquisition costs

The cost of replacing a component of an item of property and equipment is recognized at the carrying amount of the item when it is probable that future economic benefits will flow to the company and that their cost can be measured reliably and the carrying value of the replaced component is derecognized. The cost of providing day-to-day service for property and equipment is taken to the statement of profit or loss as incurred.

3/3/4- Depreciation

- Depreciation on these assets begins when the assets become ready for their intended use.
- Depreciation is recorded in the statement of profit or loss using a straight-line method over the estimated useful life of each component of an item of property and equipment. Depreciation methods, useful lives and residual value are examined at the date of each financial position and adjusted whenever appropriate.
- Depreciation is calculated on a straight-line basis over the estimated useful life of the assets at the following annual rates:

Item	**Depreciation Percentage**	**Item**	Depreciation Percentage
Buildings and construction	3% - 5%	Furniture's and fixtures	10% - 20%
Machinery and equipment	5% - 15%	Office equipment	15%
Injection molds	10%	Motor vehicles	25%
office equipment	10% - 20%	Security devices	5%

- Regular maintenance and repair expenses that do not materially prolong the estimated useful life of an asset are included in the statement of profit or loss when incurred. Major renovations and improvements, if any, are capitalized, and any assets that have been replaced are excluded from the books.

3/4- INTANGIBLE ASSETS

Intangible assets are measured at cost less accumulated amortization and accumulated impairment losses (if any).
Intangible assets are amortized on a straight-line basis over their economic life at a rate of 10%.
Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Company and the expenditure can be measured reliably.
The residual values of intangible assets, their useful lives and impairment indicators are reviewed at the end of each financial year and adjusted prospectively when necessary.

3/5- LEASE CONTRACTS

A) Right of use assets:

The company recognizes the right to use the assets on the date of commencement of the lease contract (the date the underlying asset becomes available for use). Right-to-use assets are measured at cost, less accumulated impairment losses and aggregate depreciation, and adjusted for any re-evaluation of the lease liability. The right-to-use cost of assets includes the amount of the lease liability recognized, initial direct costs incurred, and lease payments made on or before the commencement date minus any lease incentives received. Unless the company is reasonably certain that ownership of the leased asset will be acquired at the end of the lease term. The right to use the assets recognized on a straight-line basis is amortized over the estimated useful life or the lease term, whichever is shorter. The right to use assets is subject to impairment reviews.

3-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(CONTINUED)

3/5- LEASE CONTRACTS (CONTINUED)

B) Lease liabilities:
On the date of the commencement of the lease contract, the company recognizes the lease liability measured at the present value of the lease payments to be made over the term of the lease. Rent payments comprise fixed payments (including embedded fixed payments) minus rental incentives receivable, variable rental payments that are index or rate based and amounts expected to be paid under residual value guarantees. The lease payments may also include the purchase option exercise price that is reasonably certain to be exercised by the company and the termination penalty payment, if the lease agreement reflects that the company exercises the termination option. Variable lease payments that do not depend on an index or rates are recognized as an expense in the period in which the event or condition that fulfils the payment requirement occurs.
In computing the present value of lease payments, the company uses the borrowing rate at the lease commencement date if the rate of return implicit in the lease is not easily determined. After the lease commencement date, the amount of the lease liability is increased to reflect the accumulation of financial expenses and the reduction of the lease payments made.
The book value of the lease liability is re-measured if there is an amendment or change in the lease term, a change in the fixed rental payments, or a change in the valuation of the contracted asset purchase.
The main assumptions used for the purposes of computing the present value of lease payments are as follows:

Discount rate for cash flows:	7.43%

C) Short-term leases:
The company applies the exemption granted on short-term leases to such leases (that is, those leases whose lease term is 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognized as an expense on a straight-line basis over the term of the lease.

D) Significant judgements in determining the lease term for contracts that include renewal options:
When determining the lease term, management considers all facts and circumstances that would provide an economic incentive to exercise an extension option, or when exercising a termination option, an extension option (or periods following termination options) are included in the lease term only if the lease is certain. (or not terminated). The Company evaluates at the beginning of the lease whether it is reasonably certain to exercise the extension option. The Company reassess whether it is reasonably certain to exercise options if there is a major event or significant change in circumstances that can be controlled.

Company as a lessor.
When the company is a lessor, it determines, at the commencement of the lease, whether the lease is a finance lease or operating lease.
To classify each lease, the company performs an overall assessment of whether the lease substantially transfers all risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease, otherwise it is an operating lease. As part of this assessment, the company considers specific indicators such as whether the lease term is for the majority of the economic life of the underlying asset.

If an arrangement contains lease and non-lease components, then the company applies IFRS 15 to allocate the consideration in the contract.
The company recognizes lease payments received under operating leases as income on a straight- line basis over the lease term in the statement of profit or loss.

3-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3/6 projects under construction

The cost of capital work-in-progress consists of the contract value and costs directly attributable to developing and bringing the project assets to the location and condition necessary to enable them to operate and for the purpose for which they were acquired. Project costs in progress are transferred to the classifications of tangible assets and non-current intangible assets when they reach operating condition and are available for their intended purpose. The book value of projects under implementation is reviewed to determine whether there is a decline in their value when events or changes in circumstances indicate that the book value may not be recoverable. If such an indication exists and when the carrying value exceeds the estimated recoverable amount, the value of the assets is written down to the recoverable amount.

3/7 impairment in the value of non-financial assets

Assets subject to depreciation are reviewed for impairment when events or changes in circumstances occur that indicate that the carrying value may not be recoverable. An impairment loss should be recognized in the income statement for an amount whose carrying amount exceeds the recoverable amount. The recoverable amount is the fair value of the asset less the cost to sell or the value in use, whichever is higher. In estimating value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purpose of assessing impairment, assets are company into the lowest levels for which there are substantially independent cash flows (cash-generating units). Prior impairment of non-financial assets (other than goodwill) is reviewed for potential reversals at each reporting date.

3/8 Inventory

The value of inventory is estimated at cost or net realizable value, whichever is lower, and the cost of inventory is determined using the weighted average method. Net realizable value represents the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs to sell. The cost of finished goods and work-in-progress includes raw materials, direct labor, other direct costs, and related general production expenses, and is shown for net inventory after deducting an allowance for idle goods (the allowance is calculated after conducting a study of the components of the whole inventory).

3/8/1 - impairment in the value of inventory

Management makes provision for obsolete and slow-moving inventories. Estimates of the net recoverable value of inventories are based on the most reliable evidence at the time the estimates were used. These estimates take into account fluctuations in prices or costs directly related to events occurring after the date of the statement of financial position to the extent that the conditions of these events exist as at the end of the year.

3/9 Cash and cash equivalents.

Includes cash and cash equivalents to cash at banks, cash in hand and other short-term deposits with maturities of three months or less, and which are subject to an insignificant risk of change in value.

3/10 Trade Receivables

Trade receivables are stated at the original invoice amount less the allowance for impairment of doubtful trade receivables. An estimate of the allowance for impairment of doubtful trade receivables is made by applying the simplified approach for presenting expected credit losses specified in IFRS 9, which allows the use of a loss allowance. Expected lifetime for all trade receivables. To measure expected credit losses, trade receivables are classified based on common credit risk characteristics and delays in collection. Moreover, expected credit losses also include forward-looking information.

3/11 Payables

Liability is recognized for amounts to be paid in the future for services or goods received, whether invoiced by the supplier.

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3-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3/12 Borrowing costs.
Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the underlying asset.
All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurred in connection with the borrowing of funds.

3/13 interest loans
All term borrowings are initially recognized at the fair value of the consideration received plus transaction costs directly attributable to them. Commission-bearing term loans are subsequently measured at amortized cost using the prevailing commission rate method. Loan facility arrangement expense is recognized as the transaction cost of the loan to the extent that it is probable that some or all the facility will be drawn down.

3/14 financial assets
3/14/1 - Initial recognition and measurement:
Financial assets are initially recognized at fair value plus transaction costs directly attributable to the purchase of the financial asset, in the case of financial assets not carried at fair value through profit or loss.

3/14/2 - subsequent measurement:
Financial assets are subsequently measured at fair value through profit or loss at amortized cost or fair value through other comprehensive income. The classification is based on two criteria: the Company's business model for managing the assets and whether the contractual cash flows of the instruments represent "exclusive payments of principal and interest" on the principal outstanding (the exclusive payments of principal and interest).

3/14/3 - Financial assets carried at amortized cost:
This category is the most important for the company. The Company measures a financial asset at amortized cost that is held within a business model for the purpose of owning the financial assets to collect contractual cash flows that meet the criterion of exclusive payments of principal and interest. This category includes trade and other receivables of the company, and loans included in other non-current financial assets.

3/14/4 - Derecognizing:
Recognition of financial assets (or, where applicable, part of a financial asset or part of a company of similar financial assets) (ie removed from the company's statement of financial position) depends primarily on when:
The rights to receive cash flows from the asset have expired or

- The Company transfers its rights to receive cash flows from the asset or assumes an obligation to pay the received cash flows in full without material delay to a third party under “spot arrangements”, when:
  A. the Company has transferred substantially all the risks and rewards of the asset.
  B. the Company has not transferred or retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the company transfers its rights to receive cash flows from an asset or enters a stand by arrangement, it evaluates whether and to what extent the company has retained the risks and rewards associated with ownership. When the Company does not transfer or retain substantially the risks and rewards of the asset or transfer control of the asset, the Company continues to recognize the transferred asset to the extent that it continues to deal with it. In that case, The Company also acknowledges the associated liability. The transferred assets and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained. Continuation of dealing in the form of a guarantee over the transferred asset is measured by the original book value of the asset or the maximum amounts that the company may be required to pay, whichever is less.

3-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3/14 financial assets (CONTINUED)

3/14/5 - Impairment of financial assets
IFRS 9 requires the company to record an allowance for expected credit losses for all loans and other debtor financial assets not carried at FVTPL.
Expected credit losses are calculated based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the company expects to receive, then discounting the deficit close to the original effective interest rate of the asset.
With regard to trade and other receivables, the company applied the simplified standard method, and calculated future credit losses based on lifetime expected credit losses.

The Company has set aside a provision schedule that is based on the Company's past experience of credit loss and is adjusted for the specific expected elements of debtors and the economic environment.
For other debtor financial assets, the expected credit loss is calculated based on the 12-month expected credit loss. 12-month ECL is the portion of lifetime ECL that arises from defaults on a financial instrument contingent within 12 months after the date of the financial statements. However, when there has been a significant increase in credit risk since its inception, the provision will be calculated based on lifetime ECL.

3/15 Financial liability:
3/15/1 - Initial recognition and measurement:
Financial liabilities are classified, upon initial recognition, as financial liabilities at fair value through profit or loss and loans and accounts payable, as appropriate. All financial liabilities are initially recognized at fair value and, in the case of loans and accounts payable, net of directly related transaction costs.
The company's financial liabilities include trade payables and other credit balances and loans.

3/15/2 - subsequent measurement:
The financial liability is subsequently measured at amortized cost.

3/15/3 - Derecognizing:
The recognition of financial liabilities ceases when the obligation under the liability is discharged, canceled or expires. When another financial liability is replaced by an existing one from the same lender on substantially different terms, or the terms of the existing obligations are substantially modified, such change or modification is considered to be the derecognition of the original liability and the recognition of a new liability. The difference in the carrying amounts is recognized in the statement of profit or loss and other comprehensive income.

3/15/4 - Financial Instruments Clearing
Financial assets and financial liabilities are offset, and the net amounts are in the statement of financial position when there is a current legally enforceable right to set off the recognized amounts.

3/15/5 - Contingent Liabilities
Contingent liabilities are Disclosure when the company has a contingent liability as a result of a past event whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events that are not entirely within the control of the company, or the company has present legal or constructive obligations arising from events precedent, However, it is not likely that an outflow of resources embodying economic benefits will be required to settle the obligation or that the amount of the obligation cannot be measured reliably enough.

3-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3/15 Financial liability: (CONTINUED)

3/15/6 - Impairment of non-financial assets

The Company assesses at each reporting date whether there is any indication that non-financial assets may be impaired. If there is such an indication, or when it is necessary to examine the impairment of the asset annually, the company estimates the recoverable value of the asset. An asset's recoverable amount is the higher of the assets or cash-generating unit's fair value less costs to sell or value in use, and is determined for each asset separately, unless the asset does not generate cash inflows that are largely independent of the cash inflows of other assets or company of assets. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation method is used. These accounts are verified using valuation multiples, quoted share prices for publicly traded entities, or any other available fair value indicators.

Impairment losses from continuing operations are recognized in profit or loss within expense categories consistent with the function of the impaired assets.

For assets other than goodwill, an assessment is made at each reporting date whether there is any indication that previously recorded impairment losses may no longer exist or have decreased in value. If any such indication exists, the company estimates the recoverable amount of the asset or cash-generating unit. A previously recognized impairment loss is not reversed unless there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. This reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount or the book value that would have been determined, after deducting depreciation, had no impairment loss been calculated for the asset during previous years. This reversal is included in the profit or loss. Impaired non-financial assets other than goodwill are reviewed for possible reversal of the impairment at the end of each reporting period.

3/16 fair value measurement

Fair value is the price that would be received to sell an asset or paid to settle a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. When estimating the fair value of assets or liabilities, the company considers the characteristics of the assets or liabilities if market participants take these characteristics into account when pricing the assets or liabilities on the measurement date. The fair value for measurement or disclosure purposes, or both, is determined in these financial statements on this basis, with the exception of share-based payment transactions that fall within the scope of IFRS No. (2).and lease transactions that fall within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as the net realizable value in IAS 2 or the value used in IAS No. 36).

In addition, for the purposes of financial reporting, fair value measurements are categorized into the first, second, or third level based on the degree of observation of the inputs to the fair value measurements, and the importance of the inputs to the fair value measurement in their entirety, which are described as follows:

- Level one inputs are prices (unadjusted) that are traded in active markets for identical assets or liabilities that the entity has access to at the measurement date.
- The second level inputs are the inputs - other than the current prices listed in the first level - that are observed for assets or liabilities, whether directly or indirectly.
- Level 3 inputs are the unobserved inputs for assets or liabilities.

3/17 Provisions

Provisions are recognized when the company has a present obligation (legal or constructive) arising from past events, and it is likely that it will lead to an outflow of resources that include economic benefits that will be required to settle the obligation, and the amount of the obligation can be estimated reliably. Some or all of any provision, compensation is recognized as a separate asset only if the compensation is actually certain. Expenses related to any provision are presented in the income statement, net after deducting any compensation.

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3-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3/18 Employee benefits

The company's employee benefits include monthly contributions to the General Organization for Social Insurance and an end-of-service bonus program in accordance with the requirements of regulations in the Kingdom of Saudi Arabia.

3/18/1 - General Organization for Social Insurance

The monthly contributions of the General Organization for Social Insurance (independent entity) are classified as a defined contribution program. The company recognizes its share of the fixed contributions to the General Organization for Social Insurance every month as expenses. The Company has no legal or constructive obligation to pay any other contributions, and its only obligation is to pay the contributions as they are due.

3/18/2 - Defined benefit obligations for employees

The Company's end of service benefits program is classified as a defined benefit plan. This program is considered unfunded, and the liability recognized in the statement of financial position related to the defined benefit end-of-service benefit program is represented by the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by an independent actuary using the unit estimation method.

Actuarial gains and losses arising from actuarial assumptions are recognized in the statement of other comprehensive income in the period in which they arise. Past service costs, current service costs and net interest are recognized immediately in the income statement.

3/19- Revenue From Contracts With Customers

Revenues from sales are recognized when the goods are delivered, and services are provided to customers. The company recognizes revenue from contracts with customers according to IFRS 15, using the following five-steps model:

Step 1: Identify the contract with the customer	A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met
Step 2: Identify the performance obligations	A performance obligation is a contract with a customer to transfer a good or service to the customer
Step 3: Determine the transaction price	The transaction price is the amount of consideration to which the company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties
Step 4: Allocate the transaction price	For a contract that has more than one performance obligation, the company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the company expects to be entitled in exchange for satisfying each performance obligation
Step 5: Revenue recognition	The company recognizes revenue (or as) it satisfies a performance obligation by transferring a promised good or service to the customer under a contract

3-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
3/19- Revenue From Contracts With Customers) Continued)

3/19/1 - Identify the contract with the customer
The company carefully evaluates the terms and conditions of the contracts with its customers because revenue is recognized only when performance obligations in contracts with customers are satisfied. A change in the scope or price of a contract (or both) is considered as a contract modification and the company determines whether this creates a new contract or whether it will be accounted for as part of the existing contract.

3/19/2 - Identifying the performance obligations
Once the company has identified the contract with a customer, it evaluates the contractual terms and its customary business practices to identify all the agreed services within the contract and determine which of those agreed services (or bundles of agreed services) will be treated as separate performance obligations.

3/19/3 - Determine the transaction price
The company determines transaction price as the amount by which it expects to be entitled. It includes an estimate of any variable consideration, the effect of a significant financing component (i.e. the time value of money), the fair value of any non-cash consideration and the effect of any consideration paid or payable to a customer, if any. Variable considerations are limited to the amount for which it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.
The amount of consideration is fixed based on the transaction price agreed with the customers and there are no other promised obligations in the contract with the customers that are determined as separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the services, the Company considered the effects of variable considerations, the existence of significant financing components, noncash consideration and considerations payable to the customer (if any) and has concluded that there are no such considerations included in the transaction price.
Contract modifications, e.g. variation orders, are accounted for as part of the existing contract, with a cumulative catch up adjustment to revenue. For material contract modifications a separate contract may be recognised, based on management's assessment of the following factors:
• the scope of the contract increases because of the addition of agreed goods or services that are distinct; and
• the price of the contract increases by an amount of consideration that reflects the company stand-alone selling prices of the additional agreed goods or services and any appropriate adjustments to that price to reflect the circumstances of the particular contract
There were no material amendments to the contracts during the fiscal year ended december 31, 2024.

3/19/4 - Allocation of transaction price
Once the performance obligations have been identified and the transaction price has been determined, the transaction price is allocated to the performance obligations, generally in proportion to their stand-alone selling prices (i.e., on a relative stand-alone selling price basis). When determining stand-alone selling prices, the company is required to use observable information, if any. If stand-alone selling prices are not directly observable, the company makes estimates based on information that is reasonably available.

3/19/5 Revenue recognition
The company recognizes revenue in accordance with the terms and conditions contained in the contracts concluded with customers to the extent that performance obligations related to customer contracts are fulfilled.

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3-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3/20 ZAKAT AND INCOME TAX

3/20/1 - Zakat

The Company is subject to Zakat in accordance with the regulation issued by the General Authority of Zakat and Income Tax (ZATCA). Zakat provision is calculated according to the Zakat base of the Company and its directly or indirectly wholly owned subsidiaries. Zakat is levied at a fixed rate of 2.5% on the higher of adjusted zakat profit or zakat base. The management establishes provisions where appropriate based on amounts expected to be paid to the ZATCA and periodically evaluates positions taken in zakat returns in case of any differences. Additional Zakat liability, if any, related to prior years' assessments arising from ZATCA are accounted for in the period in which the assessments are finalized. The provision for income tax is charged to the statement of profit or loss.

3/20/2 - Value Added Tax (VAT)

Revenues, expenses, and assets are recognized net of the amount of VAT, except:

- where VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and
- Receivables and payables are stated with the amount of VAT included.
- The net amount of value added tax (VAT) recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

3/21 SEGMENT REPORTING

(A) The business segments

A business segment is a company of assets, operations, or entities that:
(1) It engages in revenue generating activities,
(2) The management analyses the results of its operations in order to make decisions regarding resource allocation and performance assessment.
(3) Financial information is independently available on it.

(B) The geographical sector

A geographic segment is a Company of assets, operations, or establishments that carry out revenue-generating activities in a specific economic environment that are subject to risks and returns that are different from those operating in other economic environments.

3/22 TRANSLATION TRANSACTIONS IN FOREIGN CURRENCIES

Transactions in foreign currencies are converted into Saudi Riyals according to the prevailing exchange rate on the date of the transactions. Monetary assets and liabilities in foreign currencies are converted into Saudi riyals according to the exchange rates prevailing at the reporting date. Differences resulting from the settlement or translation of cash items are recognized in profit or loss.
Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates ruling at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates ruling at the date the fair value was determined. The gain or loss arising from the translation of non-monetary items measured at fair value is treated in accordance with the recognition of gain or loss arising from a change of item fair value.

3/23 Expenses

Cost of sales

Cost of sales represents all expenses directly attributable or incidental to the core production activities of the Company.

Selling, marketing and administrative expenses

Selling and marketing expenses are costs arising from the Company's efforts underlying marketing activities and function. All other expenses are classified as administrative expenses. The allocation of common expenses between cost of sales, selling and administrative expenses, where required, is made on a reasonable basis with regards to the nature and circumstances of the common expenses.

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3-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3/24 Current versus Non-current classification

The Company presents its assets and liabilities in the statement of financial position based on a current/non-current classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realized within 12 months after the reporting period; or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current assets.

A liability is current when it is:

- Expected to be settled in the normal operating cycle.
- Held primarily for the purpose of trading.
- Due to be settled within 12 months after the reporting period; or
- When there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

All other liabilities are classified as non-current liabilities.

3/25 Related Party Transactions

The disclosure is made in relation to the commercial transactions between the parties who were identified as related parties according to the International Accounting Standard No. (24) - disclosure of the related party as approved by the Saudi Organization for charted and professional Accountants.

3/26 Subsequant Event After The Statement Of Financial Reporting Date

All significant events that occur after the date of the statement of financial position, and where appropriate, amendments or disclosures made in the relevant notes to the financial statements are considered.

MBER 31,2024

inery d nents	Injection Molds	Tools	Furnitures and fixtures	Office Equipment	Motor	Security devices	Total
3,463	25,103,571	10,452,167	3,200,767	8,034,064	33,173,054	2,042,142	373,988,243
,080	1,028,146	302,926	75,867	1,495,160	1,930,004	-	10,950,383
-	-	-	-	(23,508)	-	-	(23,508)
38,543	26,131,717	10,755,093	3,276,634	9,505,716	35,103,058	2,042,142	384,915,118
0,105	23,418,436	8,517,099	3,056,386	7,207,236	26,922,009	1,180,259	224,859,760
,000	331,880	420,117	61,045	261,677	2,086,019	88,075	10,618,879
-	-	-	-	(23,167)	-	-	(23,167)
4,105	23,750,316	8,937,216	3,117,431	7,445,746	29,008,028	1,268,334	235,455,472
4,438	2,381,401	1,817,877	159,203	2,059,970	6,095,030	773,808	149,459,646
3,358	1,685,135	1,935,068	144,381	826,828	6,251,045	861,883	149,128,483

general, selling and distribution expenses as follows:

li as at December 31, 2024 (35 million Saudi Riyals as at December 31, 2023), are pledged as collateral for

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5 - PROJECTS UNDER CONSRUCTION

	As at December 31	
	2024	**2023**
UAE factory - machinery and equipment*	4,237,095	4,237,095
Building and constructions (ALYarmouk plant)	2,126,205	1,659,179
Financial and administrative programs	1,754,030	-
Projects new production line**	1,485,737	-
Building and constructions (Administration building)	212,867	-
	9,815,934	**5,896,274**

The movement of projects under Consruction is as follows:		
At the beginning of the year	5,896,274	1,962,502
Additions during the year	3,919,660	6,153,303
Transfers to machinery and equipment	-	(1,795,362)
Transfers to Spare parts Inventory	-	(424,169)
At the end of the year	**9,815,934**	**5,896,274**

* The balance of projects under construction includes SAR 4.2 million in machinery and equipment at the Dubai factory. The balance has no movement during 2024, and the expected time for installation and operation after the completion of Yarmouk project expected to be at the second half of 2025.

**The item includes projects for new production lines (Nawakhid Factory Project) amounting to SAR 1.1 million, and SIDF loan obligations for this project have not been transferred yet due to the lack of completion of legal procedures, as the Fund's legal department requested that the Board of Directors authorize the CEO to sign the loan and mortgage on behalf of the company, and the expected date for completing the procedures for transferring the loan in the name of Al-Wasail Industrial Company is March 31, 2025.

6- INTANGABLE ASSETS, NET

Intangible assets are represented in Microsoft Dynamics software for accounting and warehouse management and other supporting programs, hardware and servers.

	As at December 31	
	2024	**2023**
Cost:		
At the beginning of the year	3,906,491	3,900,141
Additions during the year	15,065	6,350
At the end of the year	3,921,556	3.906,491
Amortization:		
At the beginning of the year	2,448,099	2,121,744
Amortization during the year (Note 22)	327,076	326,355
At the end of the year	2,775,175	2,448,099
	1,146,381	**1,458,392**

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7 - LEASE CONTRACTS:

7-1 Right of use Assets, net

	As at December 31	
	2024	**2023**
Cost:		
At the beginning of the year	12,708,772	11,088,032
Additions during the year	2,046,143	1,653,422
Adjustment	95,726	63,841
Disposals during the year	(116,830)	(96,523)
At the end of the year	14,733,811	12,708,772
Accumulated Depreciation:		
At the beginning of the year	7,739,345	5,979,451
Charged during the year	2,002,356	1,759,894
At the end of the year	9,741,701	7,739,345
Net book value	**4,992,110**	**4,969,427**

7-2 Lease Liabilities

	As at December 31,	
	2024	**2023**
At the beginning of the year	4,279,559	4,386,187
Additions during the year	2,046,143	1,653,422
Adjustment	80,726	126,470
Lease liabilities Payments during the year	(2,028,661)	(1,979,748)
Finance expenses	244,940	184,749
Disposals during the year	(38,517)	(91,521)
At the end of the year	**4,584,190**	**4,279,559**
Lease liabilities as at year end are detailed in the financial position as follows:		
Lease liabilities - Current portion	1,820,597	1,599,016
Lease liabilities - non-Current portion	2,763,593	2,680,543
	4,584,190	**4,279,559**

Right-of-use assets represent showroom and warehouse leases, and amortization rates are calculated for each contract separately.

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ALWASAIL INDUSTRIAL COMPANY
(A SAUDI JOINT STOCK COMPANY)
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8 - INVENTORY, NET:

	As at December 31	
	2024	**2023**
Finished goods	140,367,280	119,683,551
Raw materials	47,478,248	53,113,001
Work in progress	8,615,455	7,912,808
Spare parts	7,989,973	7,290,405
Packaging materials	1,801,579	1,552,885
Total Inventory	206,252,535	189,552,650
Less: impairment in value of inventory	(10,502,814)	(10,502,814)
	195,749,721	**179,049,836**

Movement in the impairment in value of inventory is as follows:

	As at December 31	
	2024	**2023**
At the beginning of the year	10,502,814	10,502,814
Charged during the year	-	-
At the end of the year	**10,502,814**	**10,502,814**

9 - TRADE RECEIVABLES, NET:

	As at December 31	
	2024	**2023**
Trade Receivables	135,035,145	132,324,655
Less: Impairment in value of trade receivables	(30,675,714)	(25,647,101)
	104,359,431	**106,677,554**

The aging of the Trade receivable is as follows:

	As at December 31	
	2024	**2023**
From 1 - 30 days	37,076,447	37,083,973
From 31-90 days	32,941,057	34,813,318
From 91-180 days	25,860,278	16,921,554
From 181-270 days	7,815,516	8,949,042
From 271-360 days	6,808,063	2,643,789
More than 360 days	24,533,784	31,912,979
Total	**135,035,145**	**132,324,655**

The Company is recording the impairment in value of trade receivables based on the aging of overdue receivables, and this provision increases when the receivables become more overdue and where historical experience indicates that the possibility of an increase in the irrecoverable amounts with the increase in the Aging of receivables.

The movement in impairment in value of trade receivables is as follows:

	As at December 31	
	2024	**2023**
At the beginning of the year	25,647,101	23,350,841
Charged during the year	11,562,980	2,644,095
Used during the year	(6,534,367)	(347,835)
At the end of the year	**30,675,714**	**25,647,101**

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10 - PREPAYMENTS AND OTHER DEBIT BALANCES, NET

	Note	As at December 31	
		2024	**2023**
Accrued Revenue		23,427,144	22,616,667
Advance payments to suppliers		9,526,512	6,431,763
Employee loans		3,537,440	4,031,233
Petty cash		3,290,022	4,350,189
Letters of Guarantee		1,199,350	4,198,455
Letters of credit		921,430	1,175,454
Checks under collection		466,785	982,648
Advance payments to purchase property and machinery		-	866,500
Advance payments to purchase investments in subsidiary	10-1	-	227,318
Prepayments		-	138,839
Others		148.923	148,923
		42,517,606	45,167,989
Less: Impairment in value of other debit balances	10-2	(444,348)	(3,395,331)
Less: Impairment in value of cheques under collection	10-3	(464,137)	(500,000)
		41,609,121	**41,272,658**

10.1 Advance payments to purchase investment in a subsidiary company:

According to the Board of Directors minutes of meeting held on June 12, 2023 (corresponding to Dhul-Iqdah 23, 1444), it was approved to sign the acquisition agreement for the entire ownership shares of Shawcor Composite Pipe Systems Middle East Limited, with a total transaction value of SAR 2 million,Shawcor Composite Pipe Systems Middle East Limited. has not completed and implemented some of the obligations that were agreed upon under the contract. and Al-Wasail Industrial Company has not paid the deal value of SAR 2 million to the seller to date.
On May 13, 2024, the Company signed a purchase agreement with the partners in Shukor Composite Pipe Systems Middle East Limited, to fully acquire the Company for a value of SAR 2.3 million. On June 27, 2024, the Company announced the sale of 100% of its shares in Shukor Composite Pipe Systems Middle East Limited, located in Al-Khobar, to Marjan Fiberglass Products Factory in Dammam - Second Industrial City, for a value of SAR 12 million and achieving capital gains of SAR 9.6 million (Note 23).

10.2 Movement in the impairment in value of other debit balances is as follows:

	As at December 31	
	2024	**2023**
At the beginning of the year	3,395,331	3,395,331
Charged during the year	635,428	-
Write off during the year	(3,586,411)	-
At the end of the year	**444,348**	**3,395,331**

10.3 Movement in the impairment in value of cheques under collection is as follows:

	As at December 31	
	2024	**2023**
At the beginning of the year	500,000	-
Charged during the year	450,000	500,000
Write off during the year	(485,863)	-
At the end of the year	**464,137**	**500,000**

ƷER 31,2024

ɛy are companies owned or represented by members of the company's board of directors ːvices. These transactions are on commercial basis and approved by company's bard of ıs of payment.

Nature of Transactions	Transactions during the year Debit	Credit	As at December 31 2024	2023
nercial dealings	11,650,944	12,452,018	823,061	1,624,135
ıses paid on behalf	258,291	7,607,747	37,593	7,387,049
			860,654	9,011,184
			-	(5,904,480)
			860,654	**3,106,704**

	2024	2023
	5,904,480	4,939,105
	1,703,267	965,375
	(7,607,77)	-
	-	**5,904,480**

	As at December 31 2024	2023
	8,525,491	15,528,531
	8,525,491	**15,528,531**

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13- Share Capital:

The Company's capital was set as at 31 December 2023 In the amount of 250,000,000 Saudi riyals (two hundred and fifty million Saudi riyals), divided into 250 million shares of equal value, each share being 1 Saudi riyals.

On 15/06/1443 (01/18/2022), 10% (2,500,000 shares) of the company's shares were listed and started trading in the Saudi parallel financial market "Nomu" under the code (9525), according to the Capital Market Authority's approval decision. On the application for listing the company on 03/28/1443. Corresponding to 11/3/2021.

According to on the Board of Directors minutes of meeting held on September 20, 2023 (corresponding to Rabi' al-Awwal 5, 1445), it was approved to split the nominal value of the share from 10 Saudi riyals per share to 1Saudi Riyal per share, while keeping the company's capital unchanged, so that the number of company shares became 250,000,000 shares instead of 25,000,000 shares.

Shareholder's name	Number of Shares	Share Value	Value	Percentage
Honorable / Saleh Abdullah Abdul Aziz Al-Mushaiqh	38,908,000	1	38,908,000	15.56%
Honorable / Abdul Aziz Abdullah Abdul Aziz Al-Mushaiqh	30,097,136	1	30,097,136	12.04%
Honorable / Abdul Rahman Abdullah Abdul Aziz Al-Mushaiqh	27,484,896	1	27,484,896	10.99%
Honorable / Abdul Qadir Abdullah Abdul Aziz Al-Mushaiqh	23,500,000	1	23,500,000	9.40%
Honorable / Nasser Abdullah Abdul Aziz Al-Mushaiqh	22,629,815	1	22,629,815	9.05%
Other Shareholders	107,380,153	1	107,380,153	42.95%
	250,000,000		**250,000,000**	**100%**

14 - Statutory Reserve:

In accordance with by-laws of the Company and Companies Law, the Company transfers 10% of its net profit for the year to the statutory reserve. The Company may resolve to discontinue such transfers when the reserve totals 30% of the share capital, this reserve is not available for distribution.

15- Loans:

15-1 Long term Loans

The movement in long term loans during the year is as follows:

	December 31	
	2024	**2023**
At the beginning of the year	18,363,630	9,755,339
Proceeds during the year	3,138,843	8,608,291
Payments during the year	(4,000,000)	-
Balances at the end of year	**17,502,473**	**18,363,630**
Long term loans are presented in the statement of financial position as follows:		
Long term Loans – current portion	4,400,000	4,000,000
Long term Loans – noncurrent portion	13,102,473	14,363,630
	17,502,473	**18,363,630**

Loan from Saudi Industrial Development Fund:

During the year 2022, the company obtained a long-term financing loan from the Saudi Industrial Fund amounting to SAR 34.9 million for the purpose of financing the factory branch of Al-Wasail Industrial Company in the first industrial city in Al-Qassim, by guaranteeing the mortgage of the assets of the factory branch in addition to promissory notes, provided that the loan is repaid in 13 half year installments from the beginning of 2024, the first installment of financing was obtained during the fiscal year 2022, with amounting to SAR 9,755,332 .The Second installment of financing was obtained during the fiscal year 2023, amounting to SAR 8,608,291. The loan installment was obtained during the fiscal year 2024 in amounting to of SAR 3,138,843, and a payment of SAR 4,000,000 .

Financial debit Covenants - Loan from Saudi Industrial Development Fund:

The loan agreement from the Saudi Industrial Development Fund includes certain debit Covenants with the Fund under the terms of this agreement, which the company was committed to as at the date of the attached financial statements. The management monitors the debit Covenants periodically, and in the event of any potential breach, the management takes the necessary measures.

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15- Loans (continued):

15-2 Short term Loans

The movement in short term loans during the year is as follows:

	December 31	
	2024	**2023**
At the beginning of the year	-	-
Proceeds from Loans during the year	1,586,000	-
Paid during the year	(594,750)	-
Balances at the end of year	**991,250**	**-**

The Company obtained a credit facility agreement with Al-Bilad Bank to obtain financing for the purpose of opening internal and external documentary credits, financing invoices related to the factory's activity, and financing the purchase of cars, with a value of SAR 16.5 million. The portion collected during the period amounted to SAR 1,586,000, and the portion paid during the year amounted to SAR 594,750. The facility agreement is secured by personal and joint guarantees from the shareholders.
The company obtained a credit facility agreement with the SAB Bank to obtain financing for the purpose of opening internal and external documentary credits and financing the issuance of letters of guarantee, with a total value of SAR 47 million, and the facility agreement is secured by a promissory note.

16 - EMPLOYEES' DEFINED BENEFITS OBLIGATIONS:

The company has used the services of actuarial experts for the actuarial valuation of the employees' end of service benefits in accordance with International Accounting Standard 19, For this purpose, an independent qualified actuary has been appointed to provide an actuarial evaluation of the Company's employee benefits as follows:

	As at December 31	
	2024	**2023**
At the beginning of the year	12,972,827	9,981,126
current service cost changed to profit and loss	2,371,336	2,051,731
Interest cost changed to profit and loss	518,913	449,151
Actuarial Loss from Remeasurement of employees defined benefits obligations	471,632	953,757
Payments during the year	(874,272)	(462,938)
At the end of the year	**15,460,436**	**12,972,827**

Main actuarial defaults:

Discount rate used	4.90%	5.00%
Salary increase rate	3.00%	3.00%

Sensitivity analysis

The sensitivity analysis mentioned below relies on potential changes in assumptions that may occur at the end of the financial statements period while keeping other assumptions constant. Positive values represent an increase in liability, whereas negative values represent a decrease in liability.

	As at December 31	
	2024	**2023**
Increase in discount rate by 1%	(1,493,680)	(1,246,264)
Decrease in discount rate by 1%	1,601,100	1,351,317
Long-term salary increases by 1%	(1,601,534)	(1,352,120)
Long-term salary decreases by 1%	1,492,279	1,244,564

17 - ACCRUED EXPENSES AND OTHER CREDIT BALANCES:

	As at December 31	
	2024	**2023**
Advance payments from customers	15,347,718	10,445,345
Accrued expenses	5,014,857	5,866,502
Employees Accruals	4,245,705	2,756,121
VAT	3,088,799	1,329,703
	27,697,079	**20,397,671**

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18- ZAKAT PROVISION:

	As at December 31	
	2024	**2023**
Profit before zakat	45,419,816	41,125,990
Profit adjustment	4,004	6,610,352
Adjusted profit	45,423,820	47,736,342
Additions items	371,725,597	407,590,444
Deducted items	(173,404,044)	(161,492,483)
Zakat base resulting from the difference in the number of days in the Gregorian year from the Hijri year	**243,745,373**	**301,481,415**
Accrued zakat 2.5% of the adjusted net profit or the zakat base, whichever is greater	**6,282,985**	**7,537,035**

Movements in the Zakat provision is as follows:

	2024	**2023**
At the beginning of the year	7,537,035	6,771,118
Charged during the year	6,282,985	7,537,035
Paid during the year	(7,537,035)	(6,771,118)
At the end of the year	**6,282,985**	**7,537,035**

The Company submitted its zakat returns to the Zakat, Tax and Customs Authority until the fiscal year ended December 31, 2023 and paid the dues based on the submitted returns, and a certificate was till April 30, 2025.

During the fiscal year 2023, the Company subject to inspection from the Zakat, Tax, and Customs Authority for the years from 2018 to2021, and the Company provided the required inspection documents for those years. The Zakat, Tax, and Customs Authority completed the inspection for 2018 and submitted a final adjustment declaration for the year 2018 with Zakat differences amounting to SAR 9,896 which was paid. During 2024 zakat tax and customs authority clamed to review 2023. The fiscal years from (2019 to 2021) are still under review.

19- REVENUE:

	For the year ended December 31	
	2024	**2023**
Pipe sales	337,867,089	319,481,632
Fittings sales	75,329,749	67,365,580
Rubber sales	16,613,792	16,908,405
Import sales	13,855,341	13,717,535
Electricity pipe sales	5,149,306	6,550,085
Other	11,290,588	21,980,900
	460,105,865	**446,004,137**

20- COST OF REVENUE:

	For the year ended December 31	
	2024	**2023**
Material cost	303,103,303	313,529,316
Labor cost	4,840,667	2,823,630
Manufacturing expenses	28,506,405	21,712,724
	336,450,375	**338,065,675**

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21- SELLING AND DISTRIBUTION EXPENSES:

		For the year ended December 31	
	Note	**2024**	**2023**
Shipping, transportation and loading		18,594,195	13,461,291
Salaries wages and related costs		11,761,631	11,559,481
Sales commission		5,619,334	4,120,005
Bank charges		3,433,805	1,675,880
Leave and travel allowance		2,172,392	1,672,659
Depreciation of right-of-use assets	7-1	2,002,356	1,759,894
Maintenance and spare parts		1,848,474	1,939,624
Impairment in value of due from related parties	11	1,703,267	965,375
Employees' defined benefits obligations		1,240,819	1,046,949
Depreciation of property, plant and equipment	4	1,116,046	472,737
Advertising and promotion		744,493	916,067
Medical insurance and treatment		558,753	666,935
Governmental fees		426,323	649,126
Hospitality and cleaning expenses		271,145	202,642
Electricity and water		233,770	227,958
Mail and Phone		205,202	252,454
Office Equipment		170,280	185,597
Rents		102,193	144,416
Other		1,227,889	1,526,929
		53,432,367	**43,446,019**

22 -GENERAL AND ADMINISTRATIVE EXPENSES:

		For the year ended December 31	
	Note	**2024**	**2023**
Salaries wages and related costs		9,069,517	8,470,517
Governmental fees		2,145,459	1,543,161
Remuneration and dues for company committees		2,115,042	2,160,000
Professional fees		1,971,090	409,953
Leave and travel allowance		1,657,910	1,375,469
Employees' defined benefits obligations		830,746	988,847
Depreciation of property, plant and equipment	4	660,619	815,788
Impairment in value of other debit balances		635,428	-
Medical insurance and Treatment		560,199	520,995
Fuel, maintenance and car insurance		541,789	147,042
Software and network services		529,142	610,633
Impairment in value of cheques under collection	10	450,000	500,000
Amortization of Intangible assets	6	327,076	326,355
Mail and Phone		193,221	435,458
Work and travel missions		130,556	140,243
Stationery and prints		115,989	96,671
Bank charges		41,943	150,613
Other		616,212	1,106,419
		22,591,938	**19,798,164**

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23- Profits from sale of investment in a subsidiary company:

According to the minutes of the Board of Directors meeting held on June 12, 2023 (corresponding to Dhul-Iqdah 23, 1444), it was approved to sign the acquisition agreement for the entire ownership shares of Shawcor Composite Pipe Systems Middle East Limited, with a total transaction value amounting to 2 million SAR.

On May 13,2024, the company completed the purchase agreement with the partners of Shukor Composite Pipe Systems Middle East Ltd, for the full acquisition of the company, and on June 27,2024, the company announced the sale of 100% of its stake in the Shukor Composite Pipe Systems Middle East Ltd. plant located in Al-Khobar to Marjan Fiberglass Products Factory in Dammam-Second Industrial City, at a value of SAR 12 million and resulted in a capital gain amounted of SAR 9.6 million (Note 10-1)

24- Basic and Diluted Earnings Per Share:

	For the year ended December 31	
	2024	**2023**
Net Profit for the year	39,136,831	33,588,955
Weighted average number of shares outstanding during the year (number)	250,000,000	250,000,000
Basic and diluted earnings per share from net profit for the year	0.16	0.13

The calculation of basic and earnings per share is based on the profit attributable to ordinary shareholders and the weighted average of the outstanding ordinary shares. Diluted earnings per share for the year ended December 31, 2023, was calculated based on the weighted average number of outstanding shares at the end of the year. Diluted earnings per share are the same as basic earnings per share since the company does not have convertible securities or dilutive financial instruments.

25-Dividend:

During the year 2024, the company distributed dividends based on the decision of the ordinary general assembly held on May 5, 2024, authorizing the Board of Directors to distribute cash dividends for the fiscal year 2023, at a rate of 10% of the share capital, equivalent to (0.10 Saudi riyals per share), with a total amount of SAR 25 million. Eligibility shall be for shareholders who own shares on the entitlement day and are registered in the company's shareholder registry at the deposit center.
During the year 2024, the Company distributed dividends based on the decision of the Ordinary General Assembly held on September 24, 2024 to authorize the Board of Directors to distribute cash dividends for the financial period ending on June 30, 2024, at a rate of 5% of the capital, equivalent to (0.05 Saudi riyals per share), with a total amount of SAR 12.5 million, provided that the eligibility is for shareholders owning shares on the due date and registered in the company's shareholders' register at the Depository Center.

Based on the decision of the Ordinary General Assembly held on March 28, 2023, to authorize the Board of Directors to distribute dividends for the fiscal year 2022, the meeting of the Extraordinary General Assembly held on Shawwal 11, 1444 corresponding to May 1, 2023, voted to distribute cash dividends to the Company's shareholders at 7.5% of the capital. The equivalent of (0.75 Saudi riyals per share) for the year 2022, with a total amount of 18.75 million Saudi riyals, provided that the eligibility is for the shareholders who own shares on the due day and are registered in the company's shareholder register at the Depository Center.

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26- Contingent liabilities:

The company had financial commitments against letter of credits and contingent commitments against letters of guarantee on the date of the financial position as follows.

		As at 31 December	
	Contingent liabilities	Value	Insurance
letters of guarantee			
2024	3.270.478	4,469,828	1,199,350
2023	2,682,917	6,881,372	4,198,455
letters of credits			
2024	5,740,527	6,661,957	921,430
2023	6,655,853	7,831,307	1,175,454

27- SEGMENTAL INFORMATION:

Management continually analyzes the results of its operations in order to make decisions regarding resource allocation performance assessment. The company presents basic financial statements according to sales.

A geographical segment is a group of assets or operations that engage in revenue generating activities in a specific econ environment that are subject to risks and returns different from those operating in other economic environments.

Sales Analysis, cost of sales and gross profit or loss by geographical regions

Statement	For the year ended 31-Dec-24			For the year ended 31-Dec-23		
	Sales	Cost of sales	Gross profit	Sales	Cost	Gross p
South Region	53,684,120	(39,418,268)	14,265,852	31,268,533	(23,651,944)	7,616
Eastern Region	90,762,717	(66,643,713)	24,119,004	97,672,406	(73,880,737)	23,791
North Region	19,665,180	(14,439,416)	5,225,764	36,335,749	(27,484,855)	8,850
Western Region	85,734,735	(62,951,852)	22,782,883	60,199,758	(45,535,916)	14,663
Central Region	191,190,596	(138,995,818)	52,194,778	190,506,124	(144,803,503)	45,702
Export sales	19,068,517	(14,001,308)	5,067,209	30,021,567	(22,708,720)	7,312
Total	**460,105,865**	**(336,450,375)**	**123,655,490**	**446,004,137**	**(338,065,675)**	**107,938**

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28. FINANICAL INSTRUMNTS

Capital Management

The company manages its capital to ensure the company's continuity as a going concern and to increase returns to shareholders by improving the balance of debt and equity. The company's overall strategy has not changed since the previous year. The company's capital structure consists of equity and debt, which includes authorized share capital, statutory reserves, retained earnings, and loans.

	December 31	
	2024	**2023**
Financial Assets		
Cash and its equivalents	8,525,491	15,528,531
Trade Receivables	104,359,431	106,677,554
Prepayment and other Debit balance	41,609,121	41,272,658
Due from related parties	860,654	3,106,704
Less: advance to suppliers	(9,526,512)	(6,431,763)
Less: Prepayments	-	(138,839)
	145,828,185	**160,014,845**
Financial Liabilities		
Current portion of Loans	4,400,000	4,000,000
Short term loans	991,250	-
Trade Receivables	82,804,070	83,506,330
Less: Accrued expenses and other credit balance	27,697,079	20,397,671
Less: Advance payments from customers.	(15,347,718)	(10,445,345)
	100,544,681	**97,458,656**

Market Risk

The Company was exposed to market risk, in the form of interest rate risk as described below, during the period under review. There were no changes in these circumstances from the previous year.

Foreign Currency Risk Management

The Company's significant transactions are in Saudi Riyals and United States Dollars which are pegged against the Saudi Riyal at a fixed exchange rate. Management monitors fluctuations in foreign exchange rates and manages their effect on the financial statements accordingly. The Company did not have any significant foreign currency denominated monetary assets or liabilities at the reporting date for which it was exposed to foreign currency fluctuations. Consequently, no foreign currency sensitivity analysis has been presented.

Interest Rate and Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.
The company is exposed to interest rate risks due to borrowing funds at variable interest rates. The company does not hedge its exposure to changes in interest rates.

Credit Risk Management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Potential concentrations of credit risk consist principally of trade receivables, amounts due from a related party and short-term cash investments. Details of how credit risk relating to trade receivables is managed is disclosed in note 9. The amounts due from a related party are monitored and provision is made, where necessary, for any irrecoverable amounts. Short-term cash investments are only placed with banks with a high credit rating.

Fair value of financial instruments

The management believes that the carrying amounts of financial instruments reported in the financial statements approximate their fair values.

ALWASAIL INDUSTRIAL COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31,2024
(ALL AMOUNTS ARE IN SAUDI RIYALS UNLESS OTHERWISE STATED)

29. COMPARATIVE FIGUERS

The comparative figures for the year ended December 31, 2023, have been reclassified to align with the current year's classification.

30. SIGNIFICANT EVENT

On January 29, 2024 (corresponding to Rajab 17, 1445), the Extraordinary General Assembly of AlWasail Industrial Company approved the Company's purchase of a number of its shares, with a maximum of 500 thousand shares, for the purpose of allocating them to the Company's employees under the employee stock program. The purchase process will be financed from the cash available with the company, and the Board of Directors is authorized completing the purchase process within a maximum period of twelve months from the extra ordinary general assembly meeting date.

On May 20, 2024 (corresponding to Dhul-Qi'dah 12, 1445), the Board of Directors, decided to transfer 500,000 employee incentive shares, valued at SAR 1.3 million, to their investment portfolios as a grant from the company to support, motivate, and attract employees.

The total expenses related to the program for the year ended December 31, 2024, amounted to SAR 1.3 million that were recorded under the cost of revenue item in the statement of profit or loss and other comprehensive income.

31. SUBSQUENT EVENTS

The company's Board of Directors, on March 16, 2025, approved that the to the General Assembly distributed of cash dividends to the company's shareholders for the second half of the fiscal year 2024, amounting to SAR 12,500,000, distributed over 250,000,000 shares, with a dividend per share of SAR 0.05, representing 5% of the nominal value.

The management believes that there are no other material subsequent events from the date of the statement of financial position on December 31,2024 that require disclosure or adjustments to the attached financial statements.

32. APPROVAL OF THE FINANCIAL STATMENTS:

The Approval of accompanying financial statements was approved by the company's Board of Directors on 23 Ramadan 1446H (Corresponding to 23 March 2025).

8-4 Interim condensed financial statements for the six-month period ending June 30, 2025G

ALWASAIL INDUSTRIAL COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTHS AND SIX-MONTHS PERIODS
ENDED JUNE 30, 2025
TOGETHER WITH INDEPENDENT AUDITOR'S REVIEW REPORT

ALWASAIL INDUSTRIAL COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTHS AND SIX-MONTHS PERIODS ENDED JUNE 30, 2025
TOGETHER WITH INDEPENDENT AUDITOR'S REVIEW REPORT

forvis mazars

Al Kharashi & Co.
Certified Accountants and Auditors
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Riyadh- KSA.
P.O Box. 8306, Riyadh 11482
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INDEPENDENT AUDITOR'S REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS

To the **shareholders of Alwasail Industrial Company**
(A Saudi Joint Stock Company)

Introduction:
We have reviewed the accompanying interim condensed statement of financial position of Alwasail Industrial Company (A Saudi Joint Stock Company) ("the Company") as at June 30, 2025, and the related interim condensed statements of profit or loss and the other comprehensive income, and changes in shareholders equity, and cash flows for the three-months and six-months periods then ended, and a material accounting policies and other explanatory notes.

The management is responsible for preparing and presenting these interim condensed financial statements in accordance with International Accounting Standard 34 (interim Financial Reporting) 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 the International Standard on Review Engagements No. 2410 (Review of interim Financial Information performed by the independent auditor of the entity) endorsed in the Kingdom of Saudi Arabia. A review of the interim financial statements consists of making inquiries, primarily, to those 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 the International Standards of Auditing endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would be become aware of all significant matters that might be identified in an audit. Accordingly, we do not express such 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 International Accounting Standard 34 (Interim Financial Report), as endorsed in the Kingdom of Saudi Arabia.

For Al-Kharashi Co.

Abdullah S. Al-Msned
License No. (456)

Riyadh:
07 August 2025
13 safer 1447 H

الخراشي وشركاه
محاسبون و مراجعون قانونيون
س.ت: 1010327044
C.R.: 1010327044
Certified Accountants & Auditors
AL-Kharashi Co.

ALWASAIL INDUSTRIAL COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT June 30, 2025
(All amounts are in Saudi Riyals unless otherwise stated)

	Note	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment, net	5	155,009,593	149,459,646
Projects under constructions	6	11,139,485	9,815,934
Intangible assets, net	7	1,384,984	1,146,381
Right of use asset, net	8-1	4,105,186	4,992,110
Total non-current assets		**171,639,248**	**165,414,071**
Current assets			
Inventory, net	9	204,779,672	195,749,721
Trade receivables, net	10	137,106,568	104,359,431
Prepayments and other debit balances, net	11	31,424,351	41,609,121
Due from related parties, net	12	1,938,585	860,654
Cash and cash equivalents	13	14,704,589	8,525,491
Total current assets		**389,953,765**	**351,104,418**
TOTAL ASSETS		**561,593,013**	**516,518,489**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' Equity:			
Share capital	1	250,000,000	250,000,000
Statutory reserve		43,486,530	43,486,530
Retained earnings		72,564,466	68,221,015
Employees defined benefits obligations remeasurement reserve		(511,539)	(511,539)
Total shareholders' equity		**365,539,457**	**361,196,006**
Liabilities			
Non-current liabilities:			
Long term loans non-current portion	14-1	16,460,000	13,102,473
Employees defined benefit obligations		16,217,590	15,460,436
Lease liabilities- noncurrent portion	8-2	2,400,627	2,763,593
Total non-current liabilities		**35,078,217**	**31,326,502**
Current liabilities:			
long term loans-Current portion	14-1	3,307,359	4,400,000
Short Term Loans	14-2	15,184,684	991,250
Trade payables		115,744,284	82,804,070
Accrued expenses and other credit balances	15	22,204,004	27,697,079
Lease liabilities- current portion	8-2	1,535,008	1,820,597
Zakat provision	16	3,000,000	6,282,985
Total current liabilities		**160,975,339**	**123,995,981**
Total liabilities		**196,053,556**	**155,322,483**
TOTAL SHAREHOLDERS EQUITY AND LIABILITIES		**561,593,013**	**516,518,489**

Chief Financial Officer　　Chief Executive Officer　　Chairman of Board of Directors

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

ALWASAIL INDUSTRIAL COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)
FOR THE THREE-MONTHS AND SIX-MONTHS PERIODS ENDED JUNE 30, 2025
(All amounts are in Saudi Riyals unless otherwise stated)

		For the three-months period ended		For the six-months period ended	
	Note	**June 30, 2025 (Unaudited)**	**June 30, 2024 (Unaudited)**	**June 30, 2025 (Unaudited)**	**June 30, 2024 (Unaudited)**
Revenue	17	116,210,566	109,691,920	223,309,751	220,070,262
Cost of revenue	18	(91,670,979)	(85,275,831)	(167,871,619)	(160,867,526)
Gross profit		**24,539,587**	**24,416,089**	**55,438,132**	**59,202,736**
Operating Expenses:					
Selling and distribution expenses		(14,072,539)	(12,969,718)	(24,093,314)	(26,149,171)
General and administrative expenses		(5,459,184)	(4,508,631)	(10,611,169)	(10,876,993)
Impairment in value of trade receivables		-	(3,772,395)	(376,168)	(3,772,395)
Impairment in value of other debit balances		(238,982)	-	(238,982)	-
Impairment in value of inventory		(697,482)	-	(697,482)	-
Profit for the period from operations		**4,071,400**	**3,165,345**	**19,421,017**	**18,404,177**
Finance cost		(299,250)	(208,966)	(871,872)	(208,996)
Other Revenue		1,222,516	32,300	1,222,516	-
Profits from sale of investment in a subsidiary company	19	-	9,646,962	-	9,646,962
Profit before zakat for the period		**4,994,666**	**12,635,641**	**19,771,661**	**27,842,173**
Zakat		(1,428,210)	(1,750,000)	(2,928,210)	(3,500,000)
Net Profit for the period		**3,566,456**	**10,885,641**	**16,843,451**	**24,342,173**
Other comprehensive income:					
Other comprehensive income items that will not be reclassified later to profit or loss:					
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		**3,566,456**	**10,885,641**	**16,843,451**	**24,342,173**
Earning per share (Saudi Riyals)	20				
Basic and diluted earning per share from net profit for the period		0,014	0,043	0,067	0,097

Chief Financial Officer | Chief Executive Officer | Chairman of Board of Directors

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

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ALWASAIL INDUSTRIAL COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)
FOR THE SIX-MONTHS PERIOD ENDED JUNE 30, 2025
(All amounts are in Saudi Riyals unless otherwise stated)

	Share Capital	Statutory Reserve	Retained Earnings	Employees defined benefits obligations remeasurement reserve	Total shareholders' equity
Balance as at January 1, 2024 (Audited)	250,000,000	39,572,847	70,497,867	(39,907)	360,030,807
Net profit for the period	-	-	24,342,173	-	24,342,173
Dividends (Note 25)	-	-	(25,000,000)	-	(25,000,000)
Balance as at June 30, 2024 (Unaudited)	**250,000,000**	**39,572,847**	**69,840,040**	**(39,907)**	**359,372,980**
Balance as at January 1, 2025 (Audited)	250,000,000	43,486,530	68,221,015	(511,539)	361,196,006
Net profit for the period	-	-	16,843,451	-	16,843,451
Dividends (Note 25)	-	-	(12,500,000)	-	(12,500,000)
Balance as at June 30, 2025 (Unaudited)	**250,000,000**	**43,486,530**	**72,564,466**	**(511,539)**	**365,539,457**

Chief Financial Officer   Chief Executive Officer   Chairman of Board of Directors

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

ALWASAIL INDUSTRIAL COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF CASH FLOW (UNAUDITED)
FOR THE SIX-MONTHS PERIOD ENDED JUNE 30, 2025
(All amounts are in Saudi Riyals unless otherwise stated)

	Note	For the six-months period ended June 30, 2025 (Unaudited)	June 30, 2024 (Unaudited)
Cash flows from operating activities:			
Profit before zakat for the period		19,771,661	27,842,173
Adjustments to non-cash items:			
Depreciation of Property, plant and equipment	5	5,444,282	5,289,101
Amortization of Intangible assets	7	451,571	148,189
Depreciation of the right of use of assets	8	892,730	928,656
Employees' defined benefits obligations		1,124,332	1,000,000
Impairment in value of trade receivables	10	376,168	3,772,395
Impairment in value of inventory	9	697,482	-
Impairment in value of cheques under collection	11	2,648	450,000
Impairment in value of other debit balances	11	236,334	-
Profits from sale of investment in a subsidiary company		-	(9,646,962)
Profit from the sale of property, plant, and equipment		(1,102,308)	-
Profit from disposal of right-of-use assets		(133,134)	-
Finance cost		105,866	208,966
		27,867,632	**29,992,518**
Changes in working capital			
Trade receivables	10	(33,373,292)	(6,627,383)
Prepaid expenses and other debit balances	11	9,945,788	6,514,985
Due from related parties	12	(1,077,931)	1.465.844
Inventory, net	9	(11,033,933)	(21.977.759)
Trade payables		32,940,214	19,028,772
Accrued expenses and other credit balances	15	(5,493,075)	9,410,415
Employees defined benefits obligations Paid		(367,179)	-
Zakat paid	16	(5,918,345)	(7.537.035)
Net cash flow generated from operating activities		**13,489,879**	**30,270,357**
Cash flows from investing activities:			
Additions to property, plant and equipment	5	(7,837,834)	(6,883,079)
Additions to projects under constructions	6	(3,824,117)	(2,516,187)
Additions to intangible assets	7	(690,174)	-
Proceeds from the sale of property, plant, and equipment		1,752,980	-
Proceeds from the sale of investment in a subsidiary		-	12,000,000
Net cash flow (used in)/ generated from investing activities		**(10,599,145)**	**2,600,734**
Cash flows from financing activities:			
Payments for lease liabilities	8	(627,094)	(736.875)
Proceeds from long-term loans	14	4,264,887	-
Payments for long-term loans	14	(2,000,000)	(2,000,000)
Proceeds from short-term loans	14	14,586,077	1.703.096
Payments for short-term loans	14	(435,506)	(234,113)
Paid dividends	25	(12,500,000)	(25,000,000)
Net cash flow generated from (used in) financing activities		**3,288,364**	**(26,267,892)**

ALWASAIL INDUSTRIAL COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF CASH FLOW (UNAUDITED)
FOR THE SIX-MONTHS PERIOD ENDED JUNE 30, 2025
(All amounts are in Saudi Riyals unless otherwise stated)

	Note	For the six-months period ended June 30, 2025 (Unaudited)	For the six-months period ended June 30, 2024 (Unaudited)
Net change in cash and cash equivalents		**6,179,098**	**6,603,199**
Cash and cash equivalents at the beginning of the period		8,525,491	15,528,531
Cash and cash equivalents at the end of the period		**14,704,589**	**22,131,730**
Supplementary information for non-cash transactions:			
Transferred from projects under construction to property, plant, and equipment		2,500,566	-
Transferred from inventory to property, plant, and equipment		1,306,500	-
Write-off and derecognition of trade receivables		249,988	-

Chief Financial Officer | Chief Executive Officer | Chairman of Board of Directors

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

ALWASAIL INDUSTRIAL COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX-MONTHS PERIOD ENDED JUNE 30, 2025
(All amounts are in Saudi Riyals unless otherwise stated)

1- THE COMPANY AND NATURE OF ITS BUSINIESS:

Al-Wasail Industrial Company registered (the "Company") was registered as a Saudi joint stock company in the city of Buraidah, commercial registration No. 1131002483 dated 29/03/1400, and license No. 97, dated 24/2/1410, renewed with No. 1818/R, dated 3/4/1433, renewed No. 2343, dated 28/07/1436.
The company's activity is represented in the wholesale sale of plastic materials, rubber and synthetic fibers. And the manufacturing of plastic pipes, hoses, tubes, their components, and accessories.

Corresponding to 28/03/1443 corresponding to 3/11/2021, the Capital Market Authority issued a decision on the issuer on the company's request and offering (2,500,000) shares representing (10%) of its shares in the parallel market "Nomu" On 15/06/1443 (corresponding to 18/01/2022), 10% (2,500,000 shares) of the company's shares were listed and started trading in the parallel Saudi Stock Exchange "Nomu" under the symbol (9525).

The Company's share capital amounted to SAR 250,000,000, divided into 250,000,000 shares with a nominal value of SAR 1 per share as of june 30, 2025 (SAR 250,000,000 as of December 31, 2024).

The accompanying financial statements include the following accounts of the company and its branches inside and outside the Kingdom:

Commercial Register no.	Source	Commercial Name	Date
1010186559	Riyadh	Alwasail industrial Company	13/03/1424
1011012952	ALKharj	Alwasail industrial Company	22/01/1430
1123001161	Zulfi	Alwsail industrial company for irrigation systems	05/04/1420
1131009107	Buraidah	Factory of Alwasail industrial	15/07/1411
1131014314	Buraidah	The Saudi Factory for Rubber Products, a branch of Alwasail	12/03/1419
1131057343	Buraidah	Alwasail industrial Company	06/04/1438
1131310613	Buraidah	Factory of Alwasail industrial branch	22/05/1442
1131321747	Buraidah	Alwasail industrial Company Branch	14/11/1443
1185001973	Wadi aldwasr	Factory of Alwsail industrial for irrigation systems company	24/10/1423
2050022409	Dammam	Alwasail industrial Company	03/07/1412
3350011868	Hail	Alwasail industrial Company	04/06/1415
3400007912	Skaka	Alwasail industrial Company	25/04/1416
3550013583	Tabouk	Alwasail industrial Company	03/09/1416
4030185911	Jeddah	Alwasail industrial Company	28/01/1430
4031098380	Makkah	Alwasail industrial Company	21/03/1438
4032022430	Taif	Alwasail industrial Company	12/08/1422
4650027803	Madina	Alwasail industrial Company	28/11/1419
4651002121	ALUla	Alwasail industrial Company	01/11/1436
5855055736	Khamis Mushayt	Alwasail industrial Company	09/11/1434
5900008328	Jazan	Alwasail industrial Company	30/01/1428
5950006519	Najran	Alwasail industrial Company	12/03/1420
5957100856	Jazan City for Primary and Conversion Industries	Alwasail industrial Company (under Write off)	16/6/1444
11331768	Sultanate of Oman - Muscat	Al Wasail Industrial Company – Oman	17/03/1440
CN-2760638	United arab emarites	Alwasail industrial Company- Abu Dhabi	26/07/1440

Company Address
The company's main address is: 3806 Qassim -Riyadh Road - Madinah Expressway - Yarmouk District Unit No. 16 Buraydah 52315-6331

2- BASIS OF PREPARATION

Statement of compliance

These interim condensed financial statements of the Company were prepared in accordance with International Accounting Standard No. (34) “interim Financial Reporting” endorsed in the kingdom of Saudi Arabia and other standards pronouncements that are issued by the Saudi organization for chartered and Public Accountants. (“SOCPA”).

These interim condensed financial statements don’t include all the information and disclosures required to prepare full set of the company's financial statements in accordance with International Financial Reporting Standards and should be read in accordance with the company’s financial statements for the year ended 31 December 2024 (“last annual financial statements”). In addition, the results for the initial period ending June 30, 2025, It may not be considered an accurate indication of the expected results for the financial year ending on December 31, 2025.

Basis of measurement

These interim condensed financial statements are prepared in accordance with the principle of historical cost except employees defined benefit obligations, that have been valued at the present value of future liabilities using the expected credit unit method.

In addition, these interim condensed financial statements are prepared using the accrual basis of accounting and the concept of going concern.

Functional and presentation currency:

The interim condensed financial statements are presented in Saudi Riyal, which is the company functional currency.

Going concern

Management assessed the company's ability to continue as an existing entity, and reached the conclusion that the company possesses the necessary resources to continue operating in the foreseeable future for a period of not less than 12 months from the end of the reporting period. Also, management did not notice any significant causes of uncertainty that might cast doubt on the company’s ability to continue as an operating entity, and therefore the financial statements were prepared on the going concern basis.

3- Significant accounting estimates and judgments:

The preparation of these interim condensed financial statements requires management to use judgments, estimates and assumptions that affect the application of accounting policies and the amounts listed for assets, liabilities, revenues, and expenses and the accompanying disclosures and disclosure of contingent liabilities. Actual results may differ from these estimates.

The significant judgments and estimates used by management when applying the Company's accounting policies, calculation methods and significant sources of uncertainty of estimates were similar to those set out in the last annual financial statements for the year ended 31 December 2024.

4- Important accounting policies:

The accounting policies applicable to these interim condensed financial statements are the same as those applicable to the financial statements for the annual financial year ended 31 December 2024.

New Standards, Amendment to Standards and Interpretations:

The Company has not adopted any new standards, interpretations or amendments that have been issued and are effective from 1 January 2025 and has been explained in Company’s annual financial statements, as they do not have a material impact on the company’s interim condensed financial statements. Material accounting policies are the same as those applied in in Company’s annual financial statements.

ALWASAIL INDUSTRIAL COMPANY
A SAUDI JOINT STOCK COMPANY
NOTES ON INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX-MONTHS PERIOD ENDED JUNE 30, 2025
(All amounts are in Saudi Riyals unless otherwise stated)

5- PROPERTY, PLANT AND EQUIPMENT, NET:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Cost:		
Balance as at the beginning of the period / year	384,915,118	373,988,243
Additions during the period / year	7,837,834	10,950,383
Transferred from projects under construction (Note 6)	2,500,566	-
Transferred from spare parts inventory during the period	1,306,500	-
Disposals during the period / year	(1,189,353)	(23,508)
Balance as at the end of the period / year	**395,370,665**	**384,915,118**
Accumulated depreciation:		
Balance as at the beginning of the period / year	235,455,472	224,859,760
Charged during the period / year	5,444,282	10,618,879
Disposals during the period / year	(538,682)	(23,167)
Balance as at the end of the period / year	240,361,072	235,455,472
Net book value at the end of the period / year	**155,009,593**	**149,459,646**

6- PROJECTS UNDER CONSTRUCTIONS:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
machinery and equipment	4,237,095	4,237,095
Financial and administrative programs	2,665,249	1,754,030
Building and constructions (ALYarmouk plant)	2,126,205	2,126,205
Building and constructions (Administration building)	2,110,936	212,867
Communications pipe production line	-	1,485,737
	11,139,485	**9,815,934**
The movement of projects under construction is as follows:		
Balance as at the beginning of the period / year	9,815,934	5,896,274
Additions during the period / year	3,824,117	3,919,660
Transfers to property, plant, and equipment*	(2,500,566)	-
Balance as at the end of the period / year	**11,139,485**	**9,815,934**

*The Nawakhidh Factory building was transferred to property, plant, and equipment after full repayment of the Saudi Industrial Development Fund amount related to this building.

7- INTANGIBLE ASSETS, NET:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Cost:		
Balance as at the beginning of the period / year	3,921,556	3,906,491
Additions during the period / year	690,174	15,065
Balance as at the end of the period / year	**4,611,730**	**3,921,556**
Amortization:		
Balance as at the beginning of the period / year	2,775,175	2,448,099
Amortization during the period / year	451,571	327,076
Balance as at the end of the period / year	**3,226,746**	**2,775,175**
	1,384,984	**1,146,381**

The intangible assets consist of the Microsoft Dynamics program for accounting and inventory management, other supporting software, as well as hardware and servers.

ALWASAIL INDUSTRIAL COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX-MONTHS PERIOD ENDED JUNE 30, 2025
(All amounts are in Saudi Riyals unless otherwise stated)

8- LEASE CONTRACTS:

8-1 Right of use asset, net

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Cost:		
Balance as at the beginning of the period / year	14,733,811	12,708,772
Additions during the period / year	102,318	2,046,143
Adjustment	37,421	95,726
Disposals during the period / year	(133,933)	(116,830)
Balance as at the end of the period / year	**14,739,617**	**14,733,811**
Accumulated depreciation:		
Balance as at the beginning of the period / year	9,741,701	7,739,345
Charged during the period / year	892,730	2,002,356
Balance as at the end of the period / year	**10,634,431**	**9,741,701**
Net book value as at the end of the period / year	**4,105,186**	**4,992,110**

8-2 Lease Liabilities

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Balance as at the beginning of the period / year	4,584,190	4,279,559
Additions during the period / year	102,318	2,046,143
Adjustment during the period / year	26,088	80,726
Lease liabilities payment during the period / year	(627,094)	(2,028,661)
Finance cost	105,866	244,940
Disposals during the period / year	(255,733)	(38,517)
Balance as at the end of the period / year	**3,935.635**	**4,584,190**

Lease liabilities is presented as at the period -end in interim condensed statement of financial position as follows:

	June 30, 2025	December 31, 2024
lease liabilities- current portion	1,535,008	1,820,597
lease liabilities- noncurrent portion	2,400,627	2,763,593
	3,935,635	**4,584,190**

9- INVENTORY, NET:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Finished goods	147,530,027	140,890,469
Raw materials	54,562,535	52,323,143
Spare parts and packaging materials	7,315,473	7,989,706
Work in progress	6,571,933	5,049,217
	215,979,968	206,252,535
Less: impairment in value of inventory	(11,200,296)	(10,502,814)
	204,779,672	**195,749,721**

The movement in the provision for inventory impairment is as follows:

Balance as at the beginning of the period / year	10,502,814	10,502,814
Charge during the period / year	697,482	-
Balance as at the end of the period / year	**11,200,296**	**10,502,814**

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10- TRADE RECEIVABLES, NET:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Trade Receivables	168,158,450	135,035,145
Less: Impairment in value of trade receivables	(31,051,882)	(30,675,714)
	137,106,568	104,359,431

The movement in Impairment in value of trade receivables is as follows:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Balance at the beginning of the period / year	30,675,714	25,647,101
Charged during the period / year	376,168	11,562,980
Used during the period / year	-	(6,534,367)
Balance at the end of the period / year	31,051,882	30,675,714

11- PREPAYMENTS AND OTHER DEBIT BALANCES, NET:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Accrued Revenue	13,391,843	23,427,144
Advance payments to suppliers	10,402,227	9,526,512
Employee loans	3,741,186	3,537,440
Prepayments	1,643,690	-
Letters of credit	1,339,127	921,430
Petty cash	1,317,264	3,290,022
Checks under collection	466,785	466,785
Letters of Guarantee	121,158	1,199,350
Others	148,538	148.923
	32,571,818	42,517,606
Less: Impairment in value of other debit balances	(680,682)	(444,348)
Less: Impairment in value of cheques under collection	(466,785)	(464,137)
	31,424,351	41,609,121

12- RELATED PARTY TRANSACTIONS:

The company deals, during its normal activities, with parties that are related parties, and they are companies owned or represented by members of the company's board of directors or who have influential shares in its capital (Sister Companies) and include mutual services. These transactions are on commercial basis and approved by company's board of directors the shown balances are not subject to commission and there are no specific terms of payment.

Due from related parties, net:

	Relationship	Nature of Transactions	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Thaqib Plastic Company (Limited liability company)	Sister company	Commercial transactions	1,740,030	823,061
ALWasail Construction company (Limited liability company)	Sister company	Expenses paid on behalf	198,555	37,593
			1,938,585	860,654

(All amounts are in Saudi Riyals unless otherwise stated)

13- CASH AND CASH EQUIVALENTS:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Current accounts – Local currency	14,666,372	8,491,714
Current accounts – Foreign currency	38,217	33,777
	14,704,589	8,525,491

14- LOANS:

14-1 Saudi Industrial Development Fund loans

The movement in Saudi Industrial Development Fund loans is as follows:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Balance at the beginning of the period / year	17,502,473	18,363,630
Proceeds during the period / year	4,264,886	3,138,843
Paid during the period / year	(2,000,000)	(4,000,000)
Balance at the end of the period / year	19,767,359	17,502,473
Long-term loans were presented in the Interim condensed statement of financial position as follows:		
Current portion of Loans	3,307,359	4,400,000
Non-Current portion of Loans	16,460,000	13,102,473
	19,767,359	17,502,473

During 2022, the company obtained a long-term financing facility from the Saudi Industrial Development Fund amounting to SAR 34.9 million, intended to finance the branch factory of Al-Wasail Industrial Company located in the First Industrial City in Qassim. The facility is secured by a mortgage on the property, plant, and equipment of the factory branch, in addition to promissory notes. The loan is scheduled to be repaid in 13 increasing semi-annual installments starting from early 2024. Successive disbursements were received between 2022 and 2024 totaling SAR 25,767,358, of which SAR 6 million has been repaid. On June 1, 2025, it was agreed to terminate the drawdown period on the loan principal and settle for the disbursed amount, reducing the total loan value to SAR 25,767,358. The outstanding balance of SAR 19,767,359 was rescheduled to be repaid in 10 installments starting from August 9, 2025, and ending on December 21, 2029.

14-2 Short Term Loans

The movement in short-term loans is as follows:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Balance at the beginning of the period / year	991,250	-
Proceeds from Loans during the period / year	14,588,504	1,586,000
Bank Adjustments	40,436	-
Repaid from loans during the period / year	(435,506)	(594,750)
Balance at the end of the period / year	15,184,684	991,250

The company also entered into a credit facility agreement with the Saudi Awwal Bank to obtain financing for the purpose of opening local and international letters of credit and for issuing letters of guarantee, with a total facility amount of SAR 47 million. The facility is secured by a promissory note. The amount utilized during the period totaled SAR 14,588,504.

15- ACCRUED EXPENSES AND OTHER CREDIT BALANCES:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Advance payments from customers	9,310,480	15,347,718
Accrued expenses	2,433,940	5,014,857
Accrued Employees	10,114,610	4,245,705
VAT payable	344,974	3,088,799
	22,204,004	27,697,079

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16- ZAKAT PROVISION

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Balance at the beginning of the period / year	6,282,985	7,537,035
Charged during the period / year	3,000,000	6,282,985
Prior years' adjustments	(364,640)	-
Paid during the period / year	(5,918,345)	(7,537,035)
Balance at the end of the period / year	3,000,000	6,282,985

The company submitted its zakat returns to the Zakat, Tax and Customs Authority until the fiscal year ended on December 31, 2024 and paid the dues based on the submitted returns, and a certificate is valid till April 30, 2026.

By the end of May 2025, the Zakat, Tax and Customs Authority (ZATCA) completed its examination of the years 2019 through 2023 and issued final assessments for all those years. The examination revealed a Zakat difference of SAR 244,858 for the 2019 return and a tax deduction of SAR 47,992, both of which were fully settled by the company. The assessments for the years 2020 to 2023 showed no material differences. As a result, the company has settled all outstanding matters with ZATCA up to the end of the year 2023.

17- REVENUE

	For the three-months period ended		For the six-months period ended	
	June 30, 2025 (Unaudited)	June 30, 2024 (Unaudited)	June 30, 2025 (Unaudited)	June 30, 2024 (Unaudited)
Pipe sales	91,356,643	82,049,139	175,307,496	164,243,115
Fittings sales	9,509,739	16,255,463	22,253,861	32,651,004
Rubber sales	4,222,362	4,678,407	8,035,117	9,139,243
Import sales	4,102,091	2,906,722	6,659,770	6,400,367
Electricity pipe sales	1,196,994	1,138,275	2,382,492	2,600,627
Others	5,822,737	2,663,914	8,671,015	5,035,906
	116,210,566	**109,691,920**	**223,309,751**	**220,070,262**

18- COST OF REVENUE:

	For the three-months period ended		For the six-months period ended	
	June 30, 2025 (Unaudited)	June 30, 2024 (Unaudited)	June 30, 2025 (Unaudited)	June 30, 2024 (Unaudited)
Material cost	78,423,378	67,340,626	138,309,609	128,038,841
Manufacturing expenses	7,088,116	2,775,246	14,024,152	22,690,891
Salaries wages and related costs	6,159,485	15,159,959	15,537,858	10,137,794
	91,670,979	**85,275,831**	**167,871,619**	**160,867,526**

19- PROFITS FROM SALE OF INVESTMENT IN A SUBSIDIARY COMPANY:

Based on the minutes of the Board of Directors' meeting held on June 12, 2023 (corresponding to 23 Dhul-Qi'dah 1444H), approval was granted to sign an acquisition agreement for the full ownership of Shokoor Middle East Ltd. for Composite Pipe Systems, with a total deal value of SAR 2 million.

On May 13, 2024, the company signed a purchase agreement with the partners of Shokoor Middle East Ltd. for Composite Pipe Systems to acquire full ownership of the company. Subsequently, on June 27, 2024, the company announced the sale of 100% of its equity in Shokoor Middle East Ltd. for Composite Pipe Systems, located in Al-Khobar, to Marjan Fiberglass Products Factory in Dammam – Second Industrial City, for a total value of SAR 12 million, resulting in a capital gain of SAR 9.6 million from the sale transaction.

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20- EARNINGS PER SHARE:

The calculation of basic/diluted earnings per share is based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding. Earnings per share for the six-month periods ended June 30, 2025 and 2024 were calculated based on the weighted average number of shares outstanding during the period. The diluted earnings per share are the same as the basic earnings per share, as the company has no convertible securities or dilutive financial instruments outstanding.

	For the six-months period ended	
	June 30, 2025	June 30, 2024
	(Unaudited)	(Unaudited)
Net Profit for the period	16,843,451	24,342,173
Weighted average number of shares outstanding during the period	250,000,000	250,000,000
Basic and diluted earnings per share from net profit for the period	0.067	0.097

21- CONTINGENT LIABILITIES:

There are financial commitments against documentary credits and contingent commitments against letters of guarantee on the date of the financial position as follows:

	Contingent Liability	Value	Insurance
Letters of guarantee			
30 June 2025	1,532,792	1,653,950	121,158
31 December 2024	3,270,478	4,469,828	1,199,350
Letters of credits			
30 June 2025	5,193,573	6,532,700	1,339,127
31 December 2024	5,740,527	6,661,957	921,430

22- SEGMENT INFORMATION:

Management continually analyzes the results of its operations in order to make decisions regarding resource allocation and performance assessment. The company presents basic financial statements according to sales.

A geographical segment is a group of assets or operations that engage in revenue generating activities in a specific economic environment that are subject to risks and returns different from those operating in other economic environments.

Analysis of sales, cost of sales and gross profit or loss by geographical regions

	For the six-month period ended					
	30-June-25			30-June-24		
	(Unaudited)			(Unaudited)		
Statement	Revenue	Cost of Revenue	Gross profit	Revenue	Cost of Revenue	Gross profit
South Region	21,355,022	(18,050,524)	3,304,498	24,079,511	(17,656,939)	6,422,572
Eastern Region	46,948,131	(36,187,009)	10,761,122	53,304,345	(38,949,524)	14,354,821
North Region	13,739,029	(10,507,858)	3,231,171	11,287,746	(8,247,964)	3,039,782
Western Region	40,728,924	(31,957,391)	8,771,533	41,356,310	(30,219,086)	11,137,224
Central Region	94,842,413	(66,156,491)	28,685,922	81,584,319	(59,613,722)	21,970,597
Export sales	5,696,231	(5,012,347)	683,886	8,458,031	(6,180,291)	2,277,740
Total	223,309,751	(167,871,619)	55,438,132	220,070,262	(160,867,526)	59,202,736

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23- FINANICAL INSTRUMNTS

Capital Management:

The company manages its capital to ensure the company's continuity as a going concern and to increase returns to shareholders by improving the balance of debt and equity. The company's overall strategy has not changed since the previous year. The company's capital structure consists of shareholders' equity and debt, which includes authorized capital, statutory reserves, retained earnings, and loans.

Market Risk

The Company was exposed to market risk, in the form of interest rate risk as described below, during the period under review. There were no material changes in these circumstances from the previous year.

Foreign Currency Risk Management:

The Company's significant transactions are in Saudi Riyals and United States Dollars which are pegged against the Saudi Riyal at a fixed exchange rate. Management monitors fluctuations in foreign exchange rates and manages their effect on the financial statements accordingly. The Company did not have any significant foreign currency denominated monetary assets or liabilities at the reporting date for which it was exposed to foreign currency fluctuations. Consequently, no foreign currency sensitivity analysis has been presented.

Interest Rate and Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.
The company is exposed to interest rate risks due to borrowing funds at variable interest rates. The company does not hedge its exposure to changes in interest rates.

Credit Risk Management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Potential concentrations of credit risk consist principally of trade receivables, amounts due from a related party and short-term cash investments. Details of how credit risk relating to trade receivables is managed is disclosed. The amounts due from a related party are monitored and provision is made, where necessary, for any irrecoverable amounts. Short-term cash investments are only placed with banks with a high credit rating

Fair value of financial instruments

The management believes that the carrying amounts of financial instruments reported in the financial statements approximate their fair values.

24- INTERIM CONDENSED RESULTS AND ADJUSTMENTS FOR THE PERIOD

All adjustments that the company's management deemed important have been made so that the interim condensed Statement of financial position and business results for the period appear fairly. The business results for the interim condensed financial period may not represent an accurate indication of the actual results of the full year's business.

25- DIVIDENDS

In 2024, the company distributed dividends based on the resolution of the Ordinary General Assembly held on May 5, 2024, which authorized the Board of Directors to distribute cash dividends for the fiscal year 2023 at a rate of 10% of the share capital, equivalent to SAR 0.10 per share, with a total amount of SAR 25 million. The entitlement was for shareholders holding shares on the record date, registered in the company's shareholders' registry with the Securities Depository Center.

The Extraordinary General Assembly, in its meeting held on April 28, 2025, approved the Board of Directors' recommendation made during its meeting on March 16, 2025, to distribute cash dividends to the company's shareholders for the second half of 2024, in the amount of SAR 12,500,000, distributed over 250,000,000 shares. The dividend per share is SAR 0.05, representing 5% of the nominal value. The distribution of dividends commenced on May 12, 2025.

26- SUBSEQUENT EVENTS

In the management's opinion, there have been no other significant subsequent events, apart from those disclosed in these interim condensed financial statements, since the period ended June 30, 2025, that would have a material impact on the company's financial position as presented in the accompanying interim condensed financial statements.

27- APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements were approved by the Company's Board of Directors on August 6, 2025 (corresponding to Safar 12, 1446 H).

ALWASAIL الوسائل