

SAUDI CABLE COMPANY
(A Saudi Joint Stock Company)

**CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2025**

SAUDI CABLE COMPANY
(A Saudi Joint Stock Company)

**CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2025**

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SAUDI CABLE COMPANY AND ITS SUBSIDIARIES (A SAUDI JOINT STOCK COMPANY)

Opinion:

We have audited the consolidated financial statements of Saudi Cable Company –Saudi Joint Stock Company (the “Company”) and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policies and other explanatory information.

In our opinion, the consolidated financial statements fairly present, in all material respects, the consolidated financial position of the Group as of December 31, 2025, and its consolidated financial performance and cash flows for the year then ended, in accordance with the International Financial Reporting Standards (IFRS) as endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Auditors & Accountants (“SOCPA”).

Basis for Opinion:

We conducted our audit in accordance with the International Standards on Auditing as adopted in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further explained in the section "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" in our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants as adopted in the Kingdom of Saudi Arabia, and relevant to our audit of the consolidated financial statements. We have also fulfilled our other ethical responsibilities in accordance with that code. In our opinion, the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to note 1 of the consolidated financial statements which indicates that for the year ended December 31, 2025, the Group incurred a net profit of SAR 202 million (2024: net profit of SAR 49 million), and the Group's accumulated losses have reached SAR 275 million (2024: SAR 477 million), representing 411% (2024: 714%) of the Group's share capital. Further, the Group current liabilities exceeded its current assets by SAR 670 million as at December 31, 2025 (2024: SAR 907 million). These conditions, along with other matters, cast significant doubt about the Group's ability to continue as a going concern and its ability to meet its obligations when it becomes due.

In this regard, management has prepared forecasts for 2026 that indicate net profit and positive cash flows. The plan includes certain assumptions related to cash injections through the issuance of rights issue instruments, as well as revenue growth based on future orders and tenders, in addition to the parent company's ability to exit financial restructuring proceedings. These elements represent future events and therefore involve material uncertainty regarding their outcome. Our opinion has not been modified in respect of this matter.

Emphasis of Matter

We draw your attention to note 14 to the consolidated financial statements where it shows that the Group has a court in Turkey issued a verdict in favor of Mass Kablo Yatırım ve Tic. A.Ş for a case filed by the minority shareholders of its subsidiary. An appeal against the verdict has been presented by said minority shareholders. However, based on a legal opinion obtained from an independent counsel which is of view that the decision of Court of Appeal will not be different from the original decision issued by court of first instance.

In this respect the Board of Directors of the Group decided on 22 Shabaan 1445H, corresponding to March 3, 2024, to exit of its investments in Turkey, by disposing of them by sale or in any other way as permitted by Turkish law. As these companies did not achieve the desired returns and continued to achieve losses during the past years despite the solutions and treatments carried out by successive administrations to no avail and strengthening the opinion of local and international legal advisors to support the exiting decision. The Group has recognized provisions for the full value of its investments in the investee company. Our opinion is not modified in respect of this matter.

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INDEPENDENT AUDITOR’S REPORT (CONTINUED)

**TO THE SHAREHOLDERS OF SAUDI CABLE COMPANY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)**

Key Audit Matters

Key audit matters are those that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the material uncertainty related to going concern and emphasis of matter section, we have determined the matter described below to be the key audit matter to be communicated in our report.

Key audit matters	How the matter was addressed in our audit
<p>Revenue recognition During the year ended December 31, 2025, the Group’s revenue approximately amounted to SAR 156 million (2024: SAR 44 million).</p> <p>The group continues to be under pressure to meet goals and expectations which may lead to misstatement in revenue.</p> <p>Revenue Recognition is a key audit matter because there is a risk that management may override controls to misrepresent revenue transactions.</p> <p><i>Refer to note 3 for accounting policies and related disclosure in note 22 on the accompanying consolidated financial statements.</i></p>	<p>We have performed the following procedures regarding revenue recognition:</p> <ul style="list-style-type: none"> Evaluating the appropriateness of the accounting policies related to the revenue recognition of the Group by taking into consideration the requirements of IFRS 15 as endorsed in the Kingdom of Saudi Arabia “Revenue from Contracts with Customers”. Evaluating the design and effectiveness of internal control procedures, including the control procedures to prevent fraud when recognizing revenue in accordance with Group’s 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 revenue transactions, on sample basis and verifying supporting documents, which included customers delivery notes, to ensure the accuracy and validity of revenue recognition.

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INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE SHAREHOLDERS OF SAUDI CABLE COMPANY AND ITS SUBSIDIARIES (A SAUDI JOINT STOCK COMPANY)

Other Information Included in the Group's Annual Report for the Year Ended December 31, 2025

Management is responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended December 31, 2025, other than the consolidated financial statements and the auditor's report thereon, which is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated 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 consolidated financial statements, it is our responsibility to read the information described above. In doing so, we consider whether the other information is not materially consistent with the consolidated financial statements or knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the other information of the Group for the year ended on December 31, 2025, 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Auditors & Accountants and the provisions of Companies' Law and Company's Articles of Association, and for

such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's 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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, i.e., Board of Directors, are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 on Auditing 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 consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing "ISA" 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 consolidated 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 omissions, misrepresentations, or the override of internal control.

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TO THE SHAREHOLDERS OF SAUDI CABLE COMPANY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)****Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)**

- 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 Group'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 Group's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

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.

For the matters communicated with those charges with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year 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 benefit of such communication.

Professional Consultants Company


Abdullah S. Al Msned
License No. (456)



Date 07 April 2026
Corresponding 19 Shawwal 1447

SAUDI CABLE COMPANY
(A Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2025
(Expressed in thousands of Saudi Arabian Riyals)

	Note	December 31, 2025	December 31, 2024
ASSETS			
NON-CURRENT ASSETS			
Property, plant, and equipment	6	35,291	43,430
Right of use assets	7.1	2,642	2,942
Intangible assets	8	865	1,128
Investment in associates	9	604,738	486,038
Trade Receivables and retentions receivable – non-current	10	5,736	7,057
TOTAL NON-CURRENT ASSETS		649,272	540,595
CURRENT ASSETS			
Trade Receivables and retentions receivable	10	40,400	68,162
Inventories	11	21,381	58,285
Prepaid expenses and other debit balances	12	97,250	45,262
Unbilled contract asset	13	24,830	12,280
Assets classified held for sale and discontinued operation	14	-	927
Cash and cash equivalents	15	36,537	13,983
TOTAL CURRENT ASSETS		220,398	198,899
TOTAL ASSETS		869,670	739,494
EQUITY AND LIABILITIES			
EQUITY			
Share capital	21	66,729	66,729
Hedging reserve		12,374	9,368
Foreign currency translation reserve		(6,340)	(6,550)
Actuarial valuation reserve		(12,282)	(12,231)
Accumulated losses		(274,832)	(476,757)
EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY		(214,351)	(419,441)
Non-controlling interest		-	-
TOTAL EQUITY		(214,351)	(419,441)
NON-CURRENT LIABILITIES			
Retentions payable		3,404	3,404
Lease liabilities – non-current portion	7.2	2,083	2,544
Employees' benefit obligations	17	49,950	47,172
Zakat and income tax payables	18	106,407	-
Deferred Interest	18	31,781	-
TOTAL NON-CURRENT LIABILITIES		193,625	53,120
CURRENT LIABILITIES			
Term loans and borrowings	16	104,290	104,290
Accounts payable, accrued expenses and other liabilities	20	565,426	680,643
Due to related parties	19	107,939	54,380
Lease liabilities – current portion	7.2	1,664	2,130
Zakat and income tax payables	18	111,077	264,372
TOTAL CURRENT LIABILITIES		890,396	1,105,815
TOTAL LIABILITIES		1,084,021	1,158,935
TOTAL EQUITY AND LIABILITIES		869,670	739,494

Abdulaziz Bin Muhammad Batarfi

Chief Financial Officer

Khalid Bin Asaad Khashoggi

Chief Executive Officer

Abdullah Bin Odah AlGhobain

Chairman of the Board of Directors

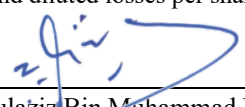
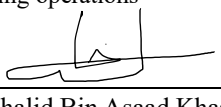
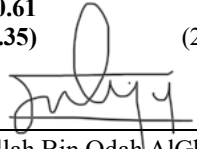
The accompanying notes form an integral part of these consolidated financial statements

SAUDI CABLE COMPANY

(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2025

(Expressed in thousands of Saudi Arabian Riyals)

	Note	December 31, 2025	December 31, 2024
CONTINUED OPERATIONS			
Revenue	22	155,952	44,079
Cost of revenue	23	(187,253)	(63,001)
GROSS LOSS		(31,301)	(18,922)
General and administrative expenses	24	(69,776)	(34,456)
Selling and distribution expenses	25	(5,892)	(3,912)
Slow moving and obsolete inventory	11	3,498	
Expected credit losses reversed / (charged)	26	2,459	(23,228)
VAT Penalties, reversal		-	14,477
OPERATING LOSS FOR THE YEAR		(101,012)	(66,041)
Finance costs, net	27	(1,229)	(1,219)
Share of result of an associate	9	237,726	127,258
Provision for net assets of discontinued operating	14.1	2,328	17,517
Provision of net assets of subsidiaries		-	(2,874)
Other income (loss), net	28	51,333	(6,267)
PROFIT BEFORE ZAKAT AND INCOME TAX		189,146	68,374
Zakat and income tax reversed / (charged)	18	15,107	(2,099)
PROFIT FOR THE YEAR FROM CONTINUED OPERATION		204,253	66,275
DISCONTINUED OPERATION			
Net loss from discontinued operating after tax	14.1	(2,328)	(17,517)
PROFIT FOR THE YEAR AFTER DISCONTINUED OPERATION		201,925	48,758
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to profit or loss			
Changes in actuarial valuation reserve	17	(51)	101
Items that will or may be reclassified subsequently to profit or loss			
Changes in foreign currency translation reserve	9	210	(291)
Hedging reserve	9	3,006	15,319
TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR		3,165	15,129
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		205,090	63,887
<u>Net income for the year attributable to</u>			
Parent Company shareholders		201,925	48,758
Non-controlling interests		-	-
		201,925	48,758
<u>Total comprehensive net income attributable to</u>			
Parent Company shareholders		205,090	63,887
Non-controlling interests		-	-
		205,090	63,887
<u>Earnings per share (basic and diluted):</u>			
Basic and diluted earnings profit per share from Continuing operations	30	30.61	9.93
Basic and diluted losses per share from discontinuing operations	30	(0.35)	(2.63)
			
Abdulaziz Bin Muhammad Batarfi			
Chief Financial Officer			
			
Khalid Bin Asaad Khashoggi			
Chief Executive Officer			
			
Abdullah Bin Odah AlGhobain			
Chairman of the Board of Directors			

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

SAUDI CABLE COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in thousands of Saudi Arabian Riyals)

Equity attributable to the shareholders of the Parent Company

Note	Share capital	Hedging reserve	Foreign currency translation reserve	Actuarial valuation reserve	Accumulated losses	Total	Non-controlling interest	Total equity
Balance at January 1, 2024 (restated)	66,729	(5,951)	(6,259)	(12,332)	(525,515)	(483,328)	-	(483,328)
Profit for the year	-	-	-	-	48,758	48,758	-	48,758
Other comprehensive (loss) income for the year	-	15,319	(291)	101	-	15,129	-	15,129
Total comprehensive (loss) income for the year	-	15,319	(291)	101	48,758	63,887	-	63,887
Balance at December 31, 2024	<u>66,729</u>	<u>9,368</u>	<u>(6,550)</u>	<u>(12,231)</u>	<u>(476,757)</u>	<u>(419,441)</u>	<u>-</u>	<u>(419,441)</u>
Balance at January 1, 2025	66,729	9,368	(6,550)	(12,231)	(476,757)	(419,441)	-	(419,441)
Profit for the year	-	-	-	-	201,925	201,925	-	201,925
Other comprehensive (loss) income for the year	-	3,006	210	(51)	-	3,165	-	3,165
Total comprehensive (loss) income for the year	-	3,006	210	(51)	201,925	205,090	-	205,090
Balance at December 31, 2025	<u>66,729</u>	<u>12,374</u>	<u>(6,340)</u>	<u>(12,282)</u>	<u>(274,832)</u>	<u>(214,351)</u>	<u>-</u>	<u>(214,351)</u>



Abdulaziz Bin Muhammad Batarfi

Chief Financial Officer



Khalid Bin Asaad Khashoggi

Chief Executive Officer



Abdullah Bin Odah AlGhobain

Chairman of the Board of Directors

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

SAUDI CABLE COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025

(Expressed in thousands of Saudi Arabian Riyals)

	<u>Note</u>	<u>December 31,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year before Zakat and income tax		189,146	68,374
Loss before zakat and income tax from discontinued operation	14.1	(2,328)	(17,517)
Profit (loss) before zakat and income tax		186,818	50,857
Adjustments to reconcile profit / (loss) before zakat and income tax to net cash flows:			
Depreciation and amortization	6,7,8	13,505	14,929
Gain from leases disposals		-	(28)
(Reversal) of VAT penalties		-	(14,477)
Expected credit losses (reversed)/ charged	26	(2,459)	23,228
Allowance for slow-moving and obsolete inventory charged	11	(3,498)	-
Share from an associate result	9	(237,726)	(127,258)
Provision for net assets of subsidiaries (Provided)		-	2,874
Provision for employees' benefit obligations (Provided)	17	6,099	4,036
Changes in working capital:			
Inventory		40,402	(40,323)
Accounts and retentions receivable		32,089	(2,692)
Prepaid expenses and other debit balances		(51,988)	(35,674)
Unbilled contract asset		(13,097)	(1,596)
Accounts payables, accrued expenses and other liabilities		(117,016)	63,225
Due to related parties		53,559	54,380
Cashflows (used in) operating activities		(93,312)	(8,519)
Employees' benefit obligations paid	17	(1,573)	(3,070)
Zakat and income tax (Paid)	18	-	(2,099)
Net cash (used in) operating activities		(94,885)	(13,688)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant, and equipment	6	(4,346)	(1,184)
Net assets of subsidiary held for sale		927	19,769
Dividends received from an associate	9	122,242	2,812
Net cash generated from investing activities		118,823	21,397
CASH FLOWS FROM FINANCING ACTIVITIES			
Net movement in lease liabilities		(1,384)	(1,574)
Net cash (used in) financing activities		(1,384)	(1,574)
Net changes in cash and cash equivalents		22,554	6,135
Cash and cash equivalents at the beginning of the year	15	13,983	7,848
Cash and cash equivalents at the end of the year	15	36,537	13,983

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

SAUDI CABLE COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in thousands of Saudi Arabian Riyals)

	<u>Note</u>	<u>December 31,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>
NON-CASH TRANSACTIONS			
Hedging reserve adjustments	9	3,006	15,319
Movement in foreign currency translation reserve	9	210	(291)
Transfers from capital work in progress	6	319	1,313
Actuarial (loss) / gain from revaluation of employees' benefit obligation	17	(51)	101
EOSB Transferred to Accounts payable and accrued expenses	17	(1,799)	-



Abdulaziz Bin Muhammad Batarfi

Chief Financial Officer



Khalid Bin Asaad Khashoggi

Chief Executive Officer



Abdullah Bin Odah AlGhobain

Chairman of the Board of Directors

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

SAUDI CABLE COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2025

(Expressed in thousands of Saudi Arabian Riyals)

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

Saudi Cable Company (“the Parent Company”) is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under Commercial Registration No. 4030009931 dated Rabi Al Thani 27, 1396H, (corresponding to April 27, 1976) under unified national Number 7000011424.

The Group’s (“Parent Company” and its “subsidiaries”) activities comprise manufacturing and supplying electrical and telecommunication cables, copper rod, PVC compounds, wooden reels and related products. The Group is also engaged in the contracting, trading, distribution and supply of cables, electronic products, information technology products and related accessories.

The registered head office of the Parent Company is located at the following address:

Saudi Cable Company
P. O. Box 4403, Jeddah 21491
Kingdom of Saudi Arabia

STRUCTURE OF THE GROUP

These consolidated financial statements include assets, liabilities, and the results of the operations of the Parent Company and its following subsidiaries and associates collectively referred to as “the Group”:

Company’s name	Principal activities	Country of incorporation	Percentage of ownership	
			As of December 31, 2025	As of December 31, 2024
Domestic				
Saudi Cable Company for Marketing Limited	Purchase and sale of electrical cables and related products	Saudi Arabia	100%	100%
Mass Projects for Power and Telecommunications Limited	Turnkey power and telecommunication projects	Saudi Arabia	100%	100%
Mass Centres for Distribution of Electrical Products Limited	Electrical and telecommunication distribution service	Saudi Arabia	100%	100%
Cable Advanced Company	Manufacture of insulated wires and cables made of steel, copper, and aluminum.	Saudi Arabia	100%	-
International				
Saudi Cable Company (U.A.E)	Sale of cables and related products	United Arab Emirates	100%	100%
Saudi Cable for investments company	Investment company	United Arab Emirates	100%	-
Mass International Trading Company Limited (note b)	International trading	Ireland	100%	100%
Mass Kablo Yatirim Ve Ticaret Anonim Sirketi (note b)	Holding Company (Previously Mass Holding Company)	Turkey	100%	100%
Elimsan Salt Cihazlari ye Eletromeanik San ve Tic. A.S	Manufacturing and distribution of electronic gears and goods	Turkey	94%	94%
Eliman Metalurji ve Makine San. Ve Tic A.S.	Manufacturing and distribution of electronic gears and goods	Turkey	100%	100%
Fairhaven Holding Limited	Holding	Seychelles	100%	100%
Kablat Holding Limited	Holding	Malta	100%	100%
Gozo Gayrimenkul Anonim Sirketi	Holding	Turkey	100%	100%
Valleta Gayrimenkul Anonim Sirketi	Holding	Turkey	100%	100%
Saudi Cable Company W.L.L *	Sale and trade of industrial chemicals, general trading, construction of utility projects, and electrical installations.	Bahrain	100%	-

SAUDI CABLE COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2025

(Expressed in thousands of Saudi Arabian Riyals)

1. ORGANIZATION AND PRINCIPAL ACTIVITIES (CONTINUED)

Saudi Cable Company W.L.L *

During the year, the Group converted its Bahrain branch into a separate legal entity, Saudi Cable Company W.L.L, registered under Commercial Registration No. 50152, with a share capital of BHD 30,000 (SAR 300,000).

The legal ownership of the entity is registered in the name of a GM of Bahraini company to comply with local regulatory requirements. However, based on the underlying agreements and a formal disclaimer provided by the registered owner, the Group retains full beneficial ownership and control over the entity.

Based on the substance over form principle, the entity is treated as a wholly owned subsidiary of the Group, and its financial results are consolidated in these financial statements in accordance with the applicable financial reporting framework as endorsed in the Kingdom of Saudi Arabia.

The Group has the following investment in equity accounted investees:

Accosiates:

Midal Cables B.S.C.(c)	Conductors & related products	Bahrain	50%	50%
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The group has the following branches inside and outside Saudi Arabia

Branch	CR number
Saudi Cable Branch – Riyadh	1010037248
Saudi Cable Branch – Khobor	7011228769
Saudi Cable Branch – Qatar	34948

- All subsidiaries and equity accounted investees have the same year-end as the Parent Company.
- Some subsidiaries are not operational (dormant).
- The Group decided on Shabaan 22, 1445H, corresponding to March 3, 2024, to exit of its investments in Turkey, by disposing of them by sale or in any other way as permitted by Turkish law. As these companies did not achieve the desired returns and continued to achieve losses during the past years despite the solutions and treatments carried out by successive administrations to no avail and strengthening the opinion of local and international legal advisors to support the exiting decision. And the group has recognized provision for the full amount of investments.

Climate Change and Environmental Sustainability

The Group is exposed to both short-term and long-term risks associated with climate change, which are inherent to its manufacturing and industrial operations. These risks include increased regulatory requirements, rising energy costs, and potential disruptions to supply chains and production processes.

Climate-related factors may also indirectly affect the Group through supply chain dependencies, including the availability and cost of raw materials (such as copper and aluminum), which can be influenced by environmental regulations, resource scarcity, and global climate conditions.

In response, the Group is progressively integrating sustainability considerations into its operations and strategic planning. This includes initiatives aimed at improving energy efficiency across production facilities, optimizing resource utilization, and reducing waste generation. The Group is also exploring opportunities to incorporate renewable energy sources, enhance recycling practices, and improve environmental compliance in line with applicable regulations within the Kingdom of Saudi Arabia.

The Group remains committed to strengthening its environmental governance and monitoring emerging climate-related risks to ensure operational resilience and long-term sustainability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2025

(Expressed in thousands of Saudi Arabian Riyals)

1. ORGANIZATION AND PRINCIPAL ACTIVITIES (CONTINUED)

Going concern

The Group incurred a net profit of SAR 202 million for the year ended December 31, 2025 (2024: net profit of SAR 48.8 million), and the Group's accumulated losses have reached SAR 274.8 million (2024: SAR 476.8 million), representing 411.9% (2024: 714%) of the Group's share capital. Further, the Group current liabilities exceeded its current assets by SAR 669.9 million as at December 31, 2025 (2024: SAR 907 million). These conditions, along with other matters, cast a significant doubt about the Group's ability to continue as a going concern and its ability to meet its obligations when it becomes due.

The Group's management has prepared an assessment of going concern. The assessment assumes the possibilities of cash injection via rights issue, revenue growth based on pipeline orders and quotations. Consequently, the management has concluded that the going concern assumption is valid and has accordingly prepared these consolidated financial statements on a going concern basis.

The current financial period witnessed significant positive transformations in the Company's financial position structure. Management successfully collected the compensation amount due from the General Authority for State Real Estate, which was immediately and efficiently utilized to settle certain obligations toward creditors. This resulted in a reduction in indebtedness and an improvement in the Company's operating liquidity indicators.

As a culmination of this financial stabilization, the Board of Directors approved an increase in the Company's share capital through the issuance of Right issue. This strategic step aims to support the Company's future growth plans, ensuring a flexible financial position capable of maximizing shareholders' equity value and keeping pace with promising investment opportunities.

2. BASIS OF PREPARATION

Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards "IFRS" that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Auditors & Accountants ("SOCPA").

Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention except where IFRS requires other measurement basis as disclosed in the applicable accounting policies in note 3 of these consolidated financial statements.

Functional and presentation currency

These consolidated financial statements are presented in Saudi Arabian Riyals (SAR), which is also the Group's functional and reporting currency. All financial information presented in SAR has been rounded to the nearest thousand except where otherwise indicated.

Critical accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities.

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Significant judgement include assessment of going concern the details of which are included in note 1.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2025

(Expressed in thousands of Saudi Arabian Riyals)

2. BASIS OF PREPARATION (CONTINUED)

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur. Information about the assumptions and estimation uncertainties is included in the following areas:

Useful lives and residual value of property, plant, and equipment and intangible assets

The Group's management determines the estimated useful lives of its property, plant, and equipment and intangible assets for calculating depreciation and amortization. These estimates are determined after considering the expected usage of the assets or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation and amortization charges would be adjusted where the management believes the useful lives differ from previous estimates.

Allowance for inventory losses

The Group recognizes an allowance for inventory losses due to factors such as obsolescence, technical faults, physical damage etc. The estimation of such losses includes the consideration of factors including but not limited to the introduction of new models or technology by the specific manufacturer and both existing and emerging market conditions.

Provision for expected credit losses (ECL) of trade receivables

The Group uses a provision matrix to calculate ECL for trade receivables. The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default in the future. The information about the ECL on the Group's trade receivables is disclosed in note 26.

Provisions and contingencies

Provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as a finance cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2025

(Expressed in thousands of Saudi Arabian Riyals)

2. BASIS OF PREPARATION (CONTINUED)

Impairment of non-financial assets

The Group assesses at each reporting date or more frequently, if events or changes in circumstances indicate whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an assets or cash-generating unit's (CGU) fair value less costs to sell, or its value in use, and is determined for the individual asset, unless the asset does not generate cash inflows which are largely independent from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is decreased 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 the fair value less costs to sell, an appropriate source is used, such as observable market prices or, if no observable market prices exist, estimated prices for similar assets or if no estimated prices for similar assets exist, it is based on discounted future cash flow calculations.

Employee benefit obligations

The cost of the defined benefit plan and the present value of the obligation are determined using actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and employees' turnover rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the market yield on high quality Corporate/Government bonds. The mortality rate is based on publicly available mortality tables for the country. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases are based on expected future inflation rates for the country. Further details about employee benefit obligations are provided in note 17.

Leases

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity specific estimates.

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2025

(Expressed in thousands of Saudi Arabian Riyals)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently, except for new standards adopted during the year as disclosed in note 4, in the preparation of these consolidated financial statements.

Basis of consolidation

The Group's consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at December 31, 2025. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income, and expenses of a subsidiary acquired or disposed during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income ("OCI") are attributed to the equity holders of the Parent Company of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest, and other components of equity, while any resultant gain or loss is recognized in the consolidated statement of profit or loss. Any investment retained is recognized at fair value. These consolidated financial statements comprising the financial statements the Parent Company and its subsidiaries as set out in note 1. The financial statements of the subsidiaries are prepared for the same reporting period as that of the Parent Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2025

(Expressed in thousands of Saudi Arabian Riyals)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in general and administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognized in the statement of profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in the consolidated statement of profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Investments in an associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries. The Group's investment in its associate is accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2025

(Expressed in thousands of Saudi Arabian Riyals)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments in an associate (continued)

The consolidated statement of profit or loss reflects the Group's share of the results of operations of the associate. Any change in the OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognizes the loss as 'Share of results of an associate' in the consolidated statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

When the Group's share of losses exceeds its interest in associates, the carrying amount of that interest, including any long-term investments, is reduced to nil, and the recognition of further losses is discontinued except to the extent that the Group has a corresponding obligation.

Foreign currencies

The Group's consolidated financial statements are presented in Saudi Riyals, which is also the Parent Company's functional currency. For each entity, the Group determines the functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to consolidated statement of profit or loss reflects the amount that arises from using this method.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognized as profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation.

These are recognized as OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss in the consolidated statement of 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 measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2025

(Expressed in thousands of Saudi Arabian Riyals)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Saudi Riyals at exchange rates at the reporting date. Dividends received from foreign associates are translated at the exchange rate in effect at the transaction date and related currency translation differences are realized in the consolidated statement of other comprehensive income.

When a foreign operation is disposed of, the relevant amount in the translation reserve is transferred to the consolidated statement of profit or loss as part of the profit or loss on disposal. On the partial disposal (without loss of control) of a subsidiary that includes a foreign operation, the relevant proportion of such cumulative amount is reattributed to non-controlling interest.

Foreign exchange gains or losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely to occur in the foreseeable future and which in substance is considered to form part of the net investment in the foreign operation, are recognized in the foreign exchange translation reserve via other comprehensive income.

Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on 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;
- It is held primarily for the purpose of trading;
- It is expected to be realized within twelve months after the reporting period; or
- It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is 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 twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Property, plant, and equipment

Recognition and measurement

Items of property, plant, and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and borrowing costs on qualifying assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2025

(Expressed in thousands of Saudi Arabian Riyals)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant, and equipment (continued)

When significant parts of an item of property, plant, and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant, and equipment.

Gains and losses on disposal of an item of property, plant, and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant, and equipment, and are recognized net within other income in consolidated statement of profit or loss and other comprehensive income.

Subsequent costs

The cost of replacing a part of an item of property, plant, and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant, and equipment are recognized in the consolidated statement of profit or loss and other comprehensive income as incurred.

Capital work-in-progress

Capital work-in-progress is carried at cost less, any recognized impairment loss and is capitalized as property, plant, and equipment when ready for the intended use.

Depreciation

Depreciation represents the systematic allocation of the depreciable amount of an asset over its estimated useful life. A depreciable amount represents the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognized in the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property and equipment. Leased assets, development cost of leasehold land and building on leasehold land are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

Depreciation methods, useful lives and residual values are reviewed at least annually and adjusted prospectively if required. For discussion on impairment assessment of property, plant, and equipment. The estimated useful lives are as follows:

Description	Years
Buildings	15-50
Machinery, equipment, and vehicles	4-20
Furniture, fixtures and office equipment	4-10

Projects under construction

Projects under construction are measured at cost which comprises construction costs, equipment, and related direct costs. Projects under construction which will be used by the Group are not depreciated until its ready for use where its transferred to property, plant and equipment or investment properties based on the nature of asset use.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2025

(Expressed in thousands of Saudi Arabian Riyals)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant, and equipment (continued)

Intangibles

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of profit or loss in the expense category that is consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss.

Investment properties

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured initially at cost, including transaction costs. Subsequently investment properties are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing parts of the investment properties and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of investment properties are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. All repair and maintenance costs are recognized in the consolidated statement of profit or loss as incurred.

Investment properties are derecognized either when they have been disposed of (i.e., at the date the recipient obtains control) or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in consolidated statement of profit or loss in the period of derecognition. The amount of consideration to be included in the gain or loss arising from the derecognition of investment property is determined in accordance with the requirements for determining the transaction price in IFRS 15 – “Revenue from Contract with Customers”.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2025

(Expressed in thousands of Saudi Arabian Riyals)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment properties (continued)

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the depreciated value at the date of change in use.

If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant, and equipment up to the date of change in use.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in the section of Impairment of non-financial assets.

ii) Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventory) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2025

(Expressed in thousands of Saudi Arabian Riyals)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Inventory

Inventory represent spare parts and other supplies. These are measured at lower of cost and net realizable value. The cost of inventory is principally based on the weighted average principle, and includes expenditure incurred in acquiring the inventory and other costs incurred in bringing them to their existing location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

The Group recognizes an allowance for inventory losses due to factors such as obsolescence, technical faults, physical damage etc.

Non- Current assets held for sale and discontinued operations

The results of discontinued operations are presented separately in the consolidated statement of profit and loss and other comprehensive income. Current assets (or disposal groups) classified as held for sale are measured at the lower of their carrying amount or fair value less costs to sell.

Non- Current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This is the case when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such assets (or disposal groups) and the sale is considered to be highly probable.

A sale is considered to be highly probable if the appropriate level of management is committed to a plan to sell the asset (or disposal group), and an active program to locate a buyer and complete the plan has been initiated. Further, the asset (or disposal group) has been actively marketed for sale at a price that is reasonable in relation to its current fair value. In addition, the sale is expected to qualify for recognition as a completed sale within one-year from the date that it is classified as held for sale.

Non- Current assets held for sale are not depreciated or amortized while they are classified as held for sale. Interest and other expenses attributable to the liabilities of the disposal group continued to be recognized.

Non- Current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the consolidated statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash on hand, cash at banks and other short-term highly liquid deposits / investments with original maturities of three months or less, if any, which are available to the Group without any restrictions. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash on hand and bank balances.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The Group's financial assets consist of cash and bank balances, trade receivables, investments at fair value through other comprehensive income, investment in associates, unbilled revenue, due from related parties and financial liabilities consisting of long-term loans and bank facilities, due to related parties trade and other payables.

i) Financial assets

Initial recognition and measurement

Financial assets at initial recognition are measured at their fair values. Subsequent measurement of a financial asset is dependent on its classification and is either at amortized cost or fair value through other comprehensive income (OCI) or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories:

- a) Financial assets at amortized cost
- b) Financial assets at fair value through OCI (FVOCI)
- c) Financial assets at fair value through profit or loss (FVTPL)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

i) Financial assets (continued)

a) Financial assets at amortized cost (debt instruments)

The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in the consolidated statement of profit or loss when the asset is derecognized, modified, or impaired.

Debt instruments

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding amount.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the consolidated statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

Equity instruments

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the consolidated statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

b) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including consolidated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognized in the consolidated statement of profit or loss and other comprehensive income.

Business model assessment

The Group makes an assessment of the objective of a business model under which an asset is held, at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Group management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated- e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume, and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group stated objective for managing the financial assets is achieved and how cash flows are realized.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward. Financial assets that are held for trading and whose performance is evaluated on a fair value basis are measured at FVIS because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessments whether contractual cash flows are solely payments of principal and profit ("SPPP" criteria)

For the purposes of this assessment, 'principal' is the fair value of the financial asset on initial recognition. 'Profit' is the consideration for the time value of money, the credit and other basic lending risk associated with the principal amount outstanding during a particular period and other basic financing costs (e.g. liquidity risk and administrative costs), along with profit margin.

In assessing whether the contractual cash flows are solely payments of principal and profit, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

i) Financial assets (continued)

Business model assessment (continued)

In making the assessment, the Group considers:

- Contingent events that would change the amount and timing of cash flows;
- Leverage features;
- Prepayment and extension terms;
- Terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- Features that modify consideration of the time value of money- e.g. periodical reset of profit rates.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or at amortized cost. All financial liabilities are recognized initially at fair value and, in the case of financing and payables, net of directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognized in the consolidated statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

After initial recognition, financial liabilities, other than at fair value through profit or loss are measured at amortized cost using the EIR method. Gains and losses as a result of unwinding of profit cost through EIR amortization process and on de-recognition of financial liabilities are recognized in the consolidated statement of profit or loss and other comprehensive income.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the consolidated statement of profit or loss and other comprehensive income.

iii) Derecognition

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
 - a) The Group has transferred substantially all the risks and rewards of the asset, or
 - b) The Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial Liabilities at amortized cost

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred assets and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities

Financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. 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, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of profit or loss and other comprehensive income.

iv) Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Impairment of financial and non-financial assets

Financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and a loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter into bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as economic conditions that correlate with defaults.

The Group recognizes an allowance for expected credit losses (ECL) for all debt instruments not held at fair value through profit or loss. For trade receivables, the Group applies a simplified approach in calculating ECL. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECL at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial and non-financial assets (continued)

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset or CGU's fair value less costs of disposal and its value in use. The fair value less costs of disposal is determined by taking into account recent market transactions. If no such transactions can be identified, an appropriate valuation model is used. The value in use is assessed by discounting the estimated future cash flows 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. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognized in the statement of profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGUs, and then to reduce the carrying amounts of the other assets in the CGU (group of units) on a pro rata basis.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Provisions and contingencies

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of 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 can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of profit or loss and other comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when 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 finance cost.

Actuarial valuation reserve

Short-term employee benefits

Short-term employee benefits are expensed as the related services are provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial and non-financial assets (continued)

Post-employment benefits

The Group's obligation under employee end of service benefit is accounted for as an unfunded defined benefit plan and is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. Re-measurement of the net defined benefit liability, which comprises actuarial gains and losses, are recognized immediately in OCI. The Group determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in employee costs in the consolidated statement of profit or loss and other comprehensive income.

Cash dividend and non-cash distribution to equity holders of the Parent

The Group recognizes a liability to pay a dividend when the distribution is authorized and no longer at the discretion of the Group. As per the by-laws of the Group, distribution is authorized when it is approved by the shareholders. Interim dividends are recorded as liability in the period in which they are approved by the Board of Directors. Final dividends are recorded in the period in which they are approved by the shareholders. A corresponding amount is recognized directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognized directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognized in the consolidated statement of profit or loss and other comprehensive income.

Revenue

The Group through its subsidiaries, jointly controlled entity and associates is engaged in the following businesses:

Critical judgements in recognizing revenue and allocating transaction price Cable manufacturing and installation

Revenue is recognized when obligations under the terms of a contract with the customer are satisfied; generally, this occurs with the transfer of control of the products or services. Revenue is measured as the amount of consideration the Group expects to receive in exchange for transferring goods or providing services. The expected costs associated with the base warranties continue to be recognized as expense when the products are sold. The Group does not provide extended maintenance coverage beyond the base warranties. The Group does not have any material significant payment terms as payment is received in advance, at or shortly after the point of sale.

Performance Obligations

In most cases, the entire contract is accounted for as a performance obligation. Less commonly, however, the Group may promise to provide distinct goods or services within a contract in which case the contracts are separated into more than one performance obligation. Mostly the Group sells standard products with observable standalone sales. In such cases, the observable standalone sales are used to determine the standalone selling price.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue (continued)

Timing of revenue recognition

The Group generally recognizes revenue at a point in time except for certain long-term contracts, which are on a cost-to-cost method. The Group transfers control and recognizes a sale when the product is delivered to the customer, for the majority of the revenue contracts. The amount of consideration received, and revenue recognized rarely changes. The Group adjusts the estimate of revenue, if any, at the earlier of when the most likely amount of consideration is expected to be received changes or when the consideration becomes fixed. Management uses an observable price to determine the stand-alone selling price for separate performance obligations or a cost-plus margin approach when one is not available.

Cash received in advance of revenue being recognized is treated as current deferred revenue and classified under advances from customers, except for the portion expected to be settled beyond 12 months of the consolidated statement of financial position date, which is classified as non-current deferred revenue.

The timing of revenue recognition, billings and cash collections results in billed accounts receivables, unbilled receivables (contract assets), and customer advances and deposits (contract liabilities) on the consolidated statement of financial position. In most instances, amounts are billed as work progress in accordance with agreed-upon contractual terms, upon achievement of contractual milestones. These assets and liabilities are reported on the consolidated statement of financial position on a contract-by-contract basis at the end of each reporting period. In certain instances, deposits are generally received from customers upon contract execution and upon achievement of contractual milestones. These deposits are liquidated when revenue is recognized.

Contract Assets — Contract assets include unbilled amounts typically resulting from sales under long-term contracts when the cost-to-cost method of revenue recognition is utilized and revenue recognized exceeds the amount billed to the customer, and right to payment is not just subject to the passage of time. Amounts may not exceed their net realizable value. Contract assets are generally classified as current, except when the contract is greater than 12 months.

Contract Liabilities — the contract liabilities consist of advance payments and billings in excess of revenue recognized and deferred revenue. The Group may also receive up-front payments, which in most cases are recognized ratably over the contract term OR adjusted against the subsequent invoices.

The contract assets and liabilities are reported in a net position on a contract by-contract basis at the end of each reporting period.

Expenses

Direct cost

Direct cost represents all expenses directly attributable or incidental to the core operating activities of the Group including but not limited to depreciation of property, plant and equipment, amortization of intangibles, directly attributable employee related costs etc.

Selling and distribution expenses

These include any costs incurred to carry out or facilitate the selling activities of the Group. These costs typically include the salaries of the sales staff, marketing, distribution, and logistics expenses. These also include allocations of certain general overheads.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

General and administrative expenses

These pertain to operation expenses which are not directly related to the production of any goods or services. These also include allocations of general overheads which are not specifically attributed to direct cost or selling, and distribution expenses.

Allocation of overheads between cost of revenue, selling and distribution expenses, and general and administration expenses, where required, is made on a consistent basis.

Borrowing costs

Borrowing costs 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 asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs comprise of interest expense on loans and bank facilities, unwinding of the discount on long term provisions.

Finance income

Finance income comprises interest income on funds invested. Interest income is recognized as it accrues in consolidated statement of profit or loss and other comprehensive income, using the effective interest method.

Zakat and taxation

Zakat

The Group is subject to zakat in accordance with the regulations of the Zakat, Tax and Customs Authority (“ZATCA”). Provision for zakat for the Group and zakat related to the Group’s ownership in the Saudi Arabian subsidiaries is charged to the consolidated statement of profit or loss and other comprehensive income.

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid for the current year to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted at the reporting date in the Kingdom of Saudi Arabia.

Deferred income tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the brought forward unused tax credits and unused tax losses can be utilized, except:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred income tax (continued)

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognized in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Withholding tax

The Group companies withhold taxes on transactions with non-resident parties and on dividends paid to foreign shareholders in accordance with ZATCA regulations, which is not recognized as an expense being the obligation of the counter party on whose behalf the amounts are withheld.

Value added tax (VAT)

Expenses and assets are recognized net of the amount of VAT, except when the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Segment reporting

Business segment is group of assets, operations or entities:

- engaged in business activities from which it may earn revenue and incur expenses including revenues and expenses that relate to transactions with any of the Group's other components;
- the results of its operations are continuously analyzed by Group's executive management (Finance and operations) in order to make decisions related to resource allocation and performance assessment; and
- for which financial information is discretely available.

Segment results that are reported to the Group's executive management include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

A geographical segment is a group of assets, operations or entities engaged in revenue producing activities within a particular economic environment that are subject to risks and returns different from those operating in other economic environments.

For management purposes, the Group is organized into business units based on its products and services and has three reportable segments, as follows:

- Sale of goods.
- contract revenue.

Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic and diluted EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year.

Trade and retentions receivables

Trade and retentions receivables are amounts due from customers for products sold and services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Trade and retentions receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. Subsequent recoveries of amount previously written-off are credited to profit or loss against "General and administrative expenses."

4. NEW AND AMENDED STANDARDS AND INTERPRETATIONS

New Standards, Amendment to Standards and Interpretations:

The Group has applied the following standards and amendments, where applicable, for the first time for their annual reporting period commencing 1 January 2025.

Amendments to IAS 21 – 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. The adoption of above amendments does not have any material impact on the Consolidated Financial Statements during the year.

The adoption of above amendments does not have any material impact on the Consolidated Financial Statements during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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5. STANDARDS ISSUED BUT NOT YET EFFECTIVE

Following are the new standards and amendments to standards which are effective for annual periods beginning on or after 1 January 2026 and earlier application is permitted for certain new standards and amendments; however, the Group has not early adopted them in preparing these Consolidated Financial Statements. The Group is currently evaluating the impact of the adoption of these standards on the Consolidated Financial Statements.

Amendments to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments

These amendments:

- 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)

Enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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6. PROPERTY, PLANT, AND EQUIPMENT

	<u>Buildings</u>	<u>Machinery, equipment, and vehicles</u>	<u>Furniture, fixtures, and office equipment</u>	<u>Capital work in progress</u>	<u>Total</u>
December 31, 2025					
Cost:					
At the beginning of the year	194,314	677,457	108,712	1,710	982,193
Additions during the year	-	956	342	3,048	4,346
Transfers during the year	-	319	-	(319)	-
At the end of the year	194,314	678,732	109,054	4,439	986,539
Accumulated depreciation:					
At the beginning of the year	163,462	667,201	108,100	-	938,763
Charge for the year	3,053	9,220	212	-	12,485
At the end of the year	166,515	676,421	108,312	-	951,248
Net book value:					
December 31, 2025	27,799	2,311	742	4,439	35,291
	<u>Buildings</u>	<u>Machinery, equipment, and vehicles</u>	<u>Furniture, fixtures, and office equipment</u>	<u>Capital work in progress</u>	<u>Total</u>
December 31, 2024					
Cost:					
At the beginning of the year	194,448	676,448	108,522	3,038	982,456
Additions during the year	-	1,009	175	-	1,184
Disposal during the year	(134)	-	-	-	(134)
Transfers during the year	-	-	15	(1,328)	(1,313)
At the end of the year	194,314	677,457	108,712	1,710	982,193
Accumulated depreciation:					
At the beginning of the year	160,501	656,767	107,886	-	925,154
Charge for the year	3,095	10,434	214	-	13,743
Disposal during the year	(134)	-	-	-	(134)
At the end of the year	163,462	667,201	108,100	-	938,763
Net book value:					
December 31, 2024	30,852	10,256	612	1,710	43,430

- a) On December 31, 2025 certain assets with a net book value of SAR 35.3 million (2024: SAR 43.43 million) were pledged against term loans and borrowings from SDIF (Note 16.a) as collateral.
- b) As at the reporting date, the Company has fully depreciated property, plant and equipment that remain in active use amounted to SAR 797,945. These assets have a nil net book value but continue to contribute to the Company's operations. Management performs periodic assessments of the useful lives of property, plant and equipment and considers that the current depreciation policies appropriately reflect the pattern in which the assets' future economic benefits are expected to be consumed

6.1 Depreciation charge for the year has been allocated as follows:

	<u>Note</u>	<u>2025</u>	<u>2024</u>
Cost of goods sold		11,447	12,693
Cost of contract revenue		746	553
General and administrative expenses	24	266	468
Selling and distribution expenses	25	26	29
		12,485	13,743

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7. LEASES

7.1 Right of use assets:

Set out below are the carrying amounts of right-of-use assets recognized and the movements during the year:

	<u>2025</u>	<u>2024</u>
<u>Cost:</u>		
At the beginning of the year	8,135	8,328
Addition/disposals during the year	457	(193)
At the end of the year	<u>8,592</u>	<u>8,135</u>
<u>Amortization:</u>		
At the beginning of the year	5,193	4,338
Charge for the year	757	1,001
Disposals during the year	-	(146)
At the end of the year	<u>5,950</u>	<u>5,193</u>
Net book value	<u>2,642</u>	<u>2,942</u>

The amortization expense was charged to the consolidated statement of profit and loss within costs of revenue.

7.2 Lease liabilities

	<u>2025</u>	<u>2024</u>
Lease liabilities (a)	3,747	4,674
Less: non - current portion	(2,083)	(2,544)
Lease liability - current portion	<u>1,664</u>	<u>2,130</u>

a) Set out below are the carrying amounts of lease liabilities and the movements during the period:

	<u>2025</u>	<u>2024</u>
At the beginning of the year	4,674	6,324
Addition/disposals during the year	511	(599)
Unwinding of lease liability	185	175
Payments made	(1,623)	(1,226)
At the end of the year	<u>3,747</u>	<u>4,674</u>
Less: non - current portion	(2,083)	(2,544)
Lease liability - current portion	<u>1,664</u>	<u>2,130</u>

The weighted average incremental borrowing rate applied to lease liabilities was 4.0% (2024: 4.0%).

7.3 The following are the amounts recognized in profit or loss:

	<u>Note</u>	<u>2025</u>	<u>2024</u>
Amortization expense of right-of-use assets		757	1,001
Financial charges on lease liabilities	27	185	175
Total amount recognized in profit or loss		<u>942</u>	<u>1,176</u>

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8. INTANGIBLE ASSETS

	<u>Development costs</u>	<u>Rights and Licenses</u>	<u>Total</u>
December 31, 2025			
<u>Cost:</u>			
At the beginning of the year	27,791	8,070	35,861
Transferred from capital work in progress	-	-	-
At the end of the year	27,791	8,070	35,861
<u>Amortization:</u>			
At the beginning of the year	27,791	6,942	34,733
Charge for the year	-	263	263
At the end of the year	27,791	7,205	34,996
Net book value	-	865	865
	<u>Development costs</u>	<u>Rights and Licenses</u>	<u>Total</u>
December 31, 2024			
<u>Cost:</u>			
At the beginning of the year	27,791	6,757	34,548
Transferred from capital work in progress	-	1,313	1,313
At the end of the year	27,791	8,070	35,861
<u>Amortization:</u>			
At the beginning of the year	27,791	6,757	34,548
Charge for the year	-	185	185
At the end of the year	27,791	6,942	34,733
Net book value	-	1,128	1,128

Amortization charge for the year has been allocated as follows:

	<u>Note</u>	<u>2025</u>	<u>2024</u>
General and administrative expenses	24	263	185
		263	185

9. INVESTMENT IN ASSOCIATES

The movement in investment in an associate is as follows:

	<u>2025</u>	<u>2024</u>
At the beginning of the year	486,038	346,564
Share of results, net *	237,726	127,258
Hedging reserve	3,006	15,319
Foreign currency translation	210	(291)
Dividend received during the year	(122,242)	(2,812)
	604,738	486,038

* Share of results of an associate (net) after adjusted for differences in accounting policies. increase amounted to SAR 9.7 thousand (2024: Increase of SAR 117 thousand).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2025

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9. INVESTMENT IN ASSOCIATES (CONTINUED)

a) Summarized financial information of the associate is as follows:

	2025	2024
Current assets	2,130,461	1,956,776
Non-current assets	494,078	472,421
Current liabilities	(1,382,111)	(1,424,434)
Non-current liabilities	(29,745)	(31,380)
Net Asset	1,212,683	973,383
Non-controlling interests	(3,206)	(1,308)
Shareholders of the parent company	1,209,477	972,075
Share in result from the Net Assets:		
Ownership %	50.0%	50.0%
Investments Book Value	604,738	486,038
Revenue	5,678,051	4,614,233
Profit Before Tax	547,868	354,458
Net Profit for the year	475,433	254,284
Other comprehensive income	6,432	30,056
Total Comprehensive income	481,865	284,340
Ownership %	50.0%	50.0%
Share in result from net profit income	237,716	127,142
Share in result from total comprehensive income	240,932	142,170

b) The Parent Company does not have control over management and operations of “Midal Cables B.S.C.(c)”. Accordingly, it is classified as investment in an associate and accounted for as such.

10. TRADE RECEIVABLES AND RETENTIONS RECEIVABLE

	Note	2025	2024
Trade Receivables, net	10.1	18,304	47,091
Retentions receivable, net	10.2	27,832	28,128
		46,136	75,219
Less: non-current retentions receivable		(5,736)	(7,057)
		40,400	68,162

10.1 The trade receivables, net comprised of as follows:

	2025	2024
Gross trade receivables	166,549	203,257
Less: allowance for expected credit losses	(148,245)	(156,166)
Trade receivables, net	18,304	47,091

a) The movement in allowance for expected credit losses against trade receivables is as follows:

	Note	2025	2024
At the beginning of the year		156,166	151,288
Charge during the year	26	1,000	4,878
Reversal during the year	26	(8,921)	-
At the end of the year		148,245	156,166

10.2 The retentions receivable, net comprised of:

	2025	2024
Gross Retentions receivable	75,804	71,185
Less: allowance for expected credit losses	(47,972)	(43,057)
Retentions receivable, net	27,832	28,128

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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10. TRADE RECEIVABLES AND RETENTIONS RECEIVABLE (CONTINUED)

10.2 The retentions receivable (Continued)

a) The movement in allowance for expected credit losses against retentions receivable, net is as follows:

	<u>Note</u>	<u>2025</u>	<u>2024</u>
At the beginning of the year		43,057	46,236
Charge during the year	26	5,134	-
Reversal during the year	26	(219)	(3,179)
At the end of the year		<u>47,972</u>	<u>43,057</u>

11. INVENTORY

	<u>2025</u>	<u>2024</u>
Raw materials	26,308	36,820
Finished goods	13,017	26,012
Work in process	5,114	22,309
Spare parts and wooden reels	31,406	31,106
	<u>75,845</u>	<u>116,247</u>
Less: allowances for slow moving and obsolete inventory	(54,464)	(57,962)
	<u>21,381</u>	<u>58,285</u>

The movement in allowance for slow moving and obsolete inventory are as follows:

	<u>2025</u>	<u>2024</u>
At the beginning of the year	57,962	57,962
Reversal during the year	(3,498)	-
At the end of the year	<u>54,464</u>	<u>57,962</u>

12. PREPAID EXPENSES AND OTHER DEBIT BALANCES

	<u>Note</u>	<u>2025</u>	<u>2024</u>
Advances to suppliers		57,135	51,483
Compensation receivable*	28	44,078	-
Guarantee margins and deposits		8,967	10,066
Prepayments		7,248	7,483
Other receivables		11,872	8,280
		<u>129,300</u>	<u>77,312</u>
Provision for prepaid expenses and other debit balances		(32,050)	(32,050)
		<u>97,250</u>	<u>45,262</u>

a) The movement in Provision for prepaid expenses and other debit balances is as follows:

	<u>Note</u>	<u>2025</u>	<u>2024</u>
At the beginning of the year		32,050	9,900
Charge during the year	26	-	22,150
At the end of the year		<u>32,050</u>	<u>32,050</u>

*** Compensation receivable**

During the year ended 31 December 2023, the Group's land and related buildings at Kilo 12, Makkah Road were expropriated and demolished by government authorities, as part of a redevelopment initiative, upon which the related assets were derecognized.

On April 29, 2025, the Company has been notified by the State Properties General Authority regarding compensation amounting to SAR 44.07 million, which has been recognized in profit or loss as other income (Note 28), and was received in February 2026.

SAUDI CABLE COMPANY
(A Saudi Joint Stock Company)

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13. UNBILLED CONTRACT ASSET

	<u>Note</u>	<u>2025</u>	<u>2024</u>
Gross unbilled contract asset	13.a	31,848	18,751
Less: allowance for expected credit losses	13.b	(7,018)	(6,471)
Unbilled contract asset, net		24,830	12,280

This represents projects in Saudi Arabia and outside Saudi Arabia.

13.a) The movement in gross unbilled contract assets is as follows:

	<u>2025</u>	<u>2024</u>
Cost incurred plus profit recognized	1,195,632	1,212,235
Less: progress billings	(1,163,784)	(1,193,484)
Unbilled contract asset	31,848	18,751

13.b) The movement in allowance for expected credit losses is as follows:

	<u>Note</u>	<u>2025</u>	<u>2024</u>
At the beginning of the year		6,471	7,092
Charge / (reversal) during the year	26	547	(621)
At the end of the year		7,018	6,471

14. DISCONTINUED OPERATION AND ASSETS CLASSIFIED HELD FOR SALE

	<u>Note</u>	<u>2025</u>	<u>2024</u>
Discontinued operation	14.1	-	2,328
Impairment for discontinued operation		-	(2,328)
Discontinued operation, net		-	-
Assets classified held for sale	14.2	-	927
		-	927

14.1 Discontinued operation

The Board of Directors of the Group decided on 22 Shabaan 1445H, corresponding to March 3, 2024, to exit of its investments in Turkey, by disposing of them by sale or in any other way as permitted by Turkish law. As these companies did not achieve the desired returns and continued to achieve losses during the past years despite the solutions and treatments carried out by successive administrations to no avail and strengthening the opinion of local and international legal advisors to support the exiting decision. The court has not yet given the final judgment on this, and these actions are out of the company hands, that's justifying it is still as discontinued operations. The Group did not incur losses in excess of its share of the subsidiary capital.

The statement of profit or loss for discontinued operations is as follows:

	<u>2025</u>	<u>2024</u>
Revenue	-	-
Cost of revenue	(1,264)	(2,478)
Gross loss	(1,264)	(2,478)
General and administrative expenses	(482)	(1,039)
Selling and distribution expenses	(7)	(11)
Finance costs, net	(575)	(14,994)
Other losses, net	-	-
Net loss from discontinued operating before tax	(2,328)	(18,522)
Income tax	-	1,005
Net loss from discontinued operating after tax	(2,328)	(17,517)

The major classes of assets and liabilities of Mass Kablo Yatirim Ve Ticaret Anonim Sirketi classified as held for sale are, as follows:

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14. DISCONTINUED OPERATION AND ASSETS CLASSIFIED HELD FOR SALE (CONTINUED)

14.1 Discontinued operation (Continued)

	2025	2024
<u>ASSETS</u>		
Property, plant, and equipment, net	153,395	156,050
Investment properties	2,420	2,543
Financial assets at fair value through other comprehensive income	45	45
Inventory	21,437	21,437
Account and retention receivables	614	614
Prepaid expenses and other debit balances	48,042	48,039
Cash and cash equivalents	99	99
TOTAL ASSETS	226,052	228,827
<u>LIABILITIES</u>		
Term loans and borrowings	57,478	60,317
Accounts payable, accrued expenses, other liabilities	168,553	165,953
Employees' benefit obligation	21	229
TOTAL LIABILITIES	226,052	226,499
NET ASSETS DIRECTLY ASSOCIATED WITH DISPOSAL		
MASS KABLO GROUP	-	2,328

14.2 Assets classified held for sale

The Board of Directors of the Group decided on 1 Safar 1445H, corresponding to August 17, 2023, to sale part of Property, plant, and equipment related to telecommunication and fiber optics plants and waiver the leased lands related to these plants. On August 31, 2023, the company signed agreements with a third party to waiver the above leased lands with total amount SAR 20.7 million and agreement was subject to Modon approval which was received during the current year.

The following breakdown of the assets classified held for sale:

	2025	2024
<u>ASSETS</u>		
Property, plant, and equipment, net	-	927
Right of use assets	-	-
TOTAL ASSETS	-	927
<u>LIABILITIES</u>		
Lease liabilities	-	-
TOTAL LIABILITIES	-	-
Assets classified held for sale, net	-	927

15. CASH AND CASH EQUIVALENTS

	2025	2024
Cash in hand	251	39
Cash at banks*	36,286	13,944
	36,537	13,983
Cash and cash equivalents from discontinued operation	99	99
	36,636	14,082

* Included within Cash and cash equivalents is an amount of SAR 1.3 million (December 31, 2024: 10 thousand) which is restricted for use at the option of the Group's management.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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16. TERM LOANS AND BORROWINGS

The Group's term loans and borrowings comprised the following:

	<u>2025</u>	<u>2024</u>
Loan from a SIDF	104,290	104,290
	<u>104,290</u>	<u>104,290</u>

- 16.a) The loan from the Saudi Industrial Development Fund ("SIDF"), was restructured in December 2019. The loan is repayable in 5 unequal installments over the period of 3 years starting December 2020 and carries a fee charged biannually. This loan is secured by certain plant buildings and machinery. As of December 31, 2023, the Group was in default due to the non-repayment of the loan installments on time. Consequently, the remaining outstanding balance is classified as current liability as per the agreement and included in the list of creditors subject to the proposal of the Financial Restructuring Procedure (FRP).

17. EMPLOYEES' BENEFIT OBLIGATIONS

The movement in the provision of employee benefit obligations are summarized below:

	<u>2025</u>	<u>2024</u>
At the beginning of the year	47,172	46,307
Current service cost	3,818	2,102
Interest cost	2,281	1,934
Changes in actuarial valuation reserve	51	(101)
Benefits paid	(1,573)	(3,070)
Benefits payable to outgoing members	(1,799)	-
At the end of the year	<u>49,950</u>	<u>47,172</u>

Actuarial assumptions

The defined benefit plan is exposed to many actuarial risks, the most significant of which are final salary risk, discount / interest rate fluctuation risk, longevity risk and inflation risk. The following were the principal actuarial assumptions at the reporting date:

Key actuarial assumptions:

	<u>2025</u>	<u>2024</u>
Discount rate	5.15%	5.50%
Future salary growth / expected rate of salary increases	4.50%	4.50%
Weighted Average Duration of Liabilities	5	5.5
Retirement age	58-65 years	58-65 years

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method has been applied when calculating the employee benefit obligations.

Sensitivity analysis of major actuarial assumptions:

	<u>Rate of change %</u>	<u>2025</u>	<u>2024</u>
Discount rate:			
Surplus	%1.00+	42,911	39,251
Shortage	%1.00-	47,650	43,942
Expected salary increase rate:			
Surplus	%1.00+	47,642	43,942
Shortage	%1.00-	42,877	39,210

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18. ZAKAT AND INCOME TAX

a) Provision for zakat and income tax

Movement in provision for zakat and income tax is as follows:

		<u>2025</u>	<u>2024</u>
At the beginning of the year		264,372	264,372
Charge for the year	18.b	(15,107)	2,099
Amounts paid during the year		-	(2,099)
At the end of the year		<u>249,265</u>	<u>264,372</u>
Current portion of zakat provision		111,077	264,372
Non-current portion of zakat provision		106,407	-
Deferred Interest		31,781	-
		<u>249,265</u>	<u>264,372</u>

b) Charge for the year

	<u>2025</u>	<u>2024</u>
Zakat (reversal) for the year related to Saudi shareholders	(15,107)	-
Income tax charge	-	2,099
Zakat and income tax charge for the year	<u>(15,107)</u>	<u>2,099</u>

Zakat computation for the years ended December 31, 2025, and 2024 was based on the financial statements of the Parent Company and its subsidiaries and submitted a combined Zakat return. Foreign subsidiaries are subject to income tax in accordance with the tax laws of the countries of their incorporation.

c) Components of zakat base

In March 2025, the approval of the Zakat, Tax and Customs Authority on the installment plan for the Zakat dues of Zakat assessments and the accrued Zakat for the years (2012-2015-2016-2017-2018-2019-2020-2021-2023), which amounts to a total of SAR 155,462,082.66 over a period of 9 years in quarterly installments represented in 36 installments from February 2026 through October 2034, under which the Company is required to settle the liability in quarterly installments of approximately SAR 4.3 million.

In March 2024, The Minister of Finance issued a decision No. (1007) entailing approval of issuing the implementing Regulations of Zakat collection (V. 1445H). The decision clarifies that the regulations shall be effective starting from the financial years beginning on 1 January 2024 and beyond, which illustrate all treatment related to Zakat collection, and facilitates the collection procedures within all business sectors, in a way that contributes to raising Zakat payers' voluntary commitments.

The new implementing Zakat regulations included 128 articles, which provide detailed clarifications of many articles, to include more details that raise awareness about Zakat procedures, and to address the challenges facing Zakat payers.

The issuance of New Implementing Regulations for Zakat collection is part of ZATCA's endeavor in enhance the efficiency of Zakat and tax laws, streamline compliance, and address the challenges faced by Zakat payers across various business sectors, contribute to raising compliance and commitment achieving financial sustainability and supporting the national economy, as well as its ongoing endeavor to raise the awareness of all Zakat payers and customers on Zakat, Tax, and customs, provide them with the best possible experience and ensure ease of doing business and facilitating procedures.

Notably, in January 2025 an amendment extended the application period for certain provisions until April 30, 2025, allowing taxpayers additional time to align with the new requirements. These developments underscore the Kingdom's commitment to refining the Zakat system, ensuring clarity and efficiency for all stakeholders.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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18. ZAKAT AND INCOME TAX (CONTINUED)

d) Assessment status (Continued)

The Parent Company (Continued)

The Company made a final settlement with the Zakat, Tax and Customs Authority (ZATCA) for the years from 2005 to 2012. Resolution issued on January 29, 2020, by the Zakat and Tax Disputes Settlement Committee in the amount of SAR 65.7 million, provided that the due zakat amounts are paid within 30 days from the settlement date mentioned above, and the Company submitted a request for installments for a period of 12 months and it was approved by the Authority in 10 installments.

The company paid the down payment of 10% of the amount, in addition to 6 payments, and the remaining amount of SAR 22.5 million.

"The company submitted its Zakat declaration for the year 2013, and no Zakat assessment was issued by the Zakat, Tax and Customs Authority. In accordance with the Zakat Regulations, the case is considered time barred."

"The ZATCA issued an assessment for the year 2014 with additional zakat liability of SAR 24.2 million. The Parent Company has appealed against the assessment with the Committee for the Settlement of Tax Violations and Disputes. The decision was issued in favor of the Company accepting the objection and the Company has received a copy of the decision. on February 17, 2022, the authority appealed the committee's decision, and the decision of the First Instance Committee was subsequently upheld by the Appeals Committee."

The ZATCA issued the final assessment for the years from 2015 to 2018 with additional zakat liability of SAR 148 million. It was escalated and filed with the General Secretariat of Zakat, Tax and Customs Committees (GSTC), in which a decision was issued by accepting the objection partially, where the differences amounting to SAR 143 million. The Company filed an appeal against the said GSTC's decision with the Tax Violation and Disputes Resolution Committees (ACTVDR). Then Company submitted a request for settlement of the differences to the Settlement Committee and the offer was received on December 5, 2023, amounting to SAR 103 million for these years, where the basic amount is SAR 144.9 million and the reduction is SAR 41 million.

"The Company submitted its financial statements and Zakat declarations for the years 2019 to 2023 to the Zakat, Tax and Customs Authority (ZATCA). In 2025, ZATCA issued the final Zakat assessments for those years, resulting in additional Zakat differences amounting to SAR 1.6 million related to the years 2019 and 2020. The Company reviewed the final assessments and accepted the differences as issued. No additional Zakat differences were issued for the years 2021, 2022, and 2023."

"The Company submitted its Zakat declaration for the year 2024, and no Zakat assessment has been issued by the Zakat, Tax and Customs Authority (ZATCA) to date."

Mass Projects for Power & Telecommunications Limited

For the years 1999 to 2004, the Authority issued an assessment claiming an additional Zakat liability amounting to SAR 3.2 million. The Company filed an objection against this assessment with the Authority. Subsequently, the Authority issued an amended Zakat assessment. The Company escalated the objection to the Preliminary Objection Committee, which issued a decision reducing the Zakat liability by SAR 2.1 million. A final decision was issued requiring the Company to pay SAR 1.5 million to the Authority.

The Authority issued Zakat assessments claiming an additional Zakat liability of SAR 34.7 million, in addition to withholding tax and delay penalties. The Company objected to the Authority's assessment, and the Zakat, Tax and Customs Authority issued an amended assessment, reducing the additional Zakat liability by SAR 6.9 million. The objection was subsequently escalated to the Preliminary Objection Committee under the Tax Violations and Disputes Resolution Committees.

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18. ZAKAT AND INCOME TAX (CONTINUED)

D. Assessment status (continued)

Mass Projects for Power & Telecommunications Limited (Continued)

The Company submitted its Zakat returns for the years 2013 and 2014, and the statutory Zakat was duly paid. The Company obtained a restricted Zakat certificate.

On 28 April 2021, the Authority issued a final assessment amounting to SAR 7.4 million for the year 2015. The Company filed an objection and escalated the case to the General Secretariat of the Tax Committees. The Dispute Resolution Committee issued a decision rejecting the objection. The Company then filed an appeal against the decision, and the Appeals Committee issued a decision partially accepting the objection.

The Authority issued an assessment for 2016 with an additional Zakat liability of SAR 2.7 million. The Company objected before the Authority; however, the objection was rejected. The Company then escalated the objection to the Dispute Resolution Committees at the General Secretariat of the Zakat and Tax Committees, where the objection was partially accepted. The Company subsequently filed an appeal before the Appeals Committee at the General Secretariat of the Tax Committees; however, the case was dismissed on procedural grounds.

On 28 June 2021, the Authority issued a final assessment amounting to SAR 6.98 million. The Company objected to the assessment; however, the objection was rejected by the Authority. The Company escalated the objection to the Committee for Resolution of Tax Violations and Disputes, which issued a decision rejecting the objection. The Company subsequently filed an appeal before the Appeals Committees, and the appeal was also rejected.

The Company submitted its financial statements, and Zakat returns to the Zakat, Tax and Customs Authority (ZATCA). A payment plan was arranged for the Zakat liability for the year 2020. As of the date of this report, no final assessments have been issued by the Authority for these years.

Saudi Cable Company for Marketing Limited

ZATCA issued the Zakat assessment for the years from 1996 to 2004 with additional zakat liability of SAR 17 million. The Company filed an appeal which is still under review by ZATCA.

The Company submitted its financial statements and zakat declarations for the years 2005 to 2008 to the Zakat, Tax and Customs Authority (ZATCA). The Authority has not issued a final assessment for these years. According to the Zakat regulations, these years are considered time barred.

The Company filed the financial statements and Zakat declarations for the years 2009 to 2013 with the ZATCA. ZATCA issued a final assessment on the Company for the years from 2009 to 2013, and zakat differences of SAR 1.25 million.

"The Zakat, Tax and Customs Authority (ZATCA) issued Zakat assessments for the years 2014 to 2018, requiring an additional Zakat liability amounting to SAR 23 million. The Company escalated its objection to the Tax Violations and Disputes Resolution Committee.

With respect to the 2014 and 2015 cases, the Committee at the General Secretariat for Zakat and Tax Committees fully accepted the Company's claims. ZATCA appealed the Committee's decision, and the Appeals Committee subsequently issued its decision in favor of the Company, upholding the First-Instance Committee's ruling.

Regarding the cases for the years 2016 to 2018, the First-Instance Committee partially accepted the Company's claims. The Company then appealed the decision. Thereafter, the proceedings were suspended to allow the Company to submit a settlement request to ZATCA's Settlement Committee; however, the proposed settlement was not accepted. Accordingly, the appeal process was resumed by both the Company and ZATCA. The Appeals Committee ultimately issued a decision accepting ZATCA's appeal."

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18. ZAKAT AND INCOME TAX (CONTINUED)

D. Assessment status (continued)

Mass Centers for Distribution of Electrical Products Limited

"The Company submitted its financial statements and Zakat declarations for the years 2019 to 2023. With respect to the years 2020, 2021, and 2022, the Zakat, Tax and Customs Authority (ZATCA) issued estimated Zakat assessments amounting to SAR 250 thousand for each year.

Regarding the year 2019, no assessment has yet been issued by the Authority, and in accordance with the Zakat Regulations, the assessment for that year is considered to have lapsed due to the statute of limitations. As for the year 2023, the Zakat declaration was submitted as part of the unified consolidated return of Saudi Cable Company."

ZATCA issued the Zakat assessment for the years from 1998 to 2007 with additional Zakat liability of SAR 1 million. The Company filed an appeal with Higher Appeal Committee ("HAC") which has not been decided to date.

The Company filed its Zakat returns for the years 2008 to 2010. The ZATCA did not issue the final Zakat assessment for the said years till to date. The subsidiary is dormant.

The Company is currently inactive and has suspended its operations."

19. RELATED PARTIES TRANSACTIONS AND BALANCES

Related parties represent the shareholders, Directors and key management personnel of the Parent Company, and entities controlled, jointly controlled, or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the parent Company's management.

a) Significant related party transactions for the year ended December 31 are as follows:

Due to related party

Transactions and balances with	Nature of transactions	Transactions during the year		Balance as of December 31,	
		2025	2024	2025	2024
<u>Associate</u>					
Midal Cables W. L. L				-	54,380
	Purchase of raw material	-	320		
	Dividend received	(65,426)	(57,513)		
	Director remuneration	748	2,813		
<u>Shareholder</u>					
Ibrahim Alrajhi	Pay off debt	107,939		107,939	-
				107,939	54,380

b) Remuneration of Board of Directors

Key management includes personnel / executive directors and members of the Board of Directors.

	2025	2024
Meeting attendance fees	721	746
Other remuneration	9,869	1,566
	10,590	2,312

In addition to the above remunerations, the common directors of the parent and the associate received a collective amount of SAR 3.8 million from the associate (2024: SAR 1.5 million).

c) The remuneration of the key management personnel during the year was as follows:

	2025	2024
Short-term benefits	10,087	3,705
Post-employment benefit	2,257	996
	12,344	4,701

Short-term benefits include the basic salaries, allowances, Bonus and other incentives.

Post-employment benefits include the current service cost for the employee benefit obligations.

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20. ACCOUNTS PAYABLE, ACCRUED EXPENSES AND OTHER LIABILITIES

	<u>2025</u>	<u>2024</u>
Accounts payable	387,261	464,067
Accrued expenses for employee related obligations	55,698	72,846
Billing in excess of work performed*	31,493	35,565
Advances from customers	27,068	43,104
Provision for net assets of subsidiaries	8,191	10,479
Accrued finance charges	5,024	3,980
Current portion of retentions payable	3,972	3,972
Other payables	46,719	46,630
	<u>565,426</u>	<u>680,643</u>

* This represents billing in excess of work performed related to projects in progress. The amount of SAR 2,823 has been recognized from the opening balances as revenue during the current year 2025.

21. SHARE CAPITAL

The share capital consisted of 6,672,906 shares of Saudi Arabian Riyals 10 each as at December 31, 2025. (As at December 31, 2024: 6,672,906 shares).

On September 29, 2021, the Board of Directors (BOD) resolved in their 8th meeting (2021/8) to reduce the Company's share capital from SAR 360,614,060 (36,061,406 shares) to SAR 262,311,060 (26,231,106 shares) for the purpose restructuring the Company's capital and to absorb 100% of its accumulated losses as of September 30, 2021, amounted to SAR 98,303,000. BOD also resolved to increase the share capital (subsequent to the reduction) from SAR 262,311,060 (26,231,106 shares) to SAR 762,311,060 (76,213,106 shares) to enhance the Company's working capital and operation capacity.

On February 20, 2022 (corresponding to Rajab 19, 1443H), the Shareholders approved in their meeting the reduction of the parent Company's share capital and rejected the BOD recommendation for capital increase. On June 2, 2022, the Board of Directors (BOD) recommended through resolution number 2022/18 to decrease the Parent Company share capital from SAR 262,311,060 (26,231,106 shares) to SAR 66,729,060 (6,672,906 shares) for the purpose of restructuring the share capital and to absorb 100% of its accumulated losses as of March 31, 2022, amounted to SAR 195,582,000.

BOD also recommended increasing the share capital (subsequent to the reduction) from SAR 66,729,060 (6,672,906 shares) to SAR 466,729,060 (46,672,906 shares) to enhance the Company's working capital and operation capacity.

The company appointed a financial advisor to manage the capital reduction operations (without raising capital) and the company submitted its capital reduction application file to the Capital Market Authority.

The capital reduction transaction was approved by the shareholders in their meeting held on July 25, 2022 (corresponding to Dhu Al-Qadah 3, 1443). The reduction was applied, bringing the capital to 66,729,060 Saudi riyals (6,672,906 shares).

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22. REVENUE

Disaggregation of revenue from contracts with customers

In the following table, revenue is disaggregated by primary geographical market, major products and service lines and timing of revenue recognition.

	<u>2025</u>	<u>2024</u>
Primary geographic markets		
Saudi Arabia	102,480	17,823
Foreign countries	53,472	26,256
	<u>155,952</u>	<u>44,079</u>
Major products/service lines		
Sale of goods	102,796	17,823
Contract revenue	53,156	26,256
	<u>155,952</u>	<u>44,079</u>
Timing of revenue recognition		
Revenue recognized at a point in time	102,796	17,823
Revenue recognized over time	53,156	26,256
	<u>155,952</u>	<u>44,079</u>

23. COSTS OF REVENUE

	<u>2025</u>	<u>2024</u>
Sale of goods	147,997	45,203
Contract revenue	39,256	17,798
	<u>187,253</u>	<u>63,001</u>

24. GENERAL AND ADMINISTRATIVE EXPENSES

	<u>Note</u>	<u>2025</u>	<u>2024</u>
Salaries and other employee benefits*		46,298	20,576
Legal and professional fees		15,110	5,872
Repairs and maintenance		1,566	2,917
Depreciation of Property, plant & equipment	6	266	468
Depreciation Intangible Assets	8	263	185
Bank charges		1,031	201
Utilities		598	20
Rent and insurance		1,389	2,488
Printing, stationery, and advertisements		249	348
Traveling and transportation expenses		1,148	419
Others		1,858	962
		<u>69,776</u>	<u>34,456</u>

* Salaries and other employee benefits are including BOD and Executive management bonuses amount of SAR 12.8 million, salaries and benefits increment SAR 2.8 million and Bahrain employees' salaries SAR 6.6 million.

25. SELLING AND DISTRIBUTION EXPENSES

	<u>Note</u>	<u>2025</u>	<u>2024</u>
Salaries and other employee benefits		5,388	3,714
Depreciation of Property, plant & equipment	6	26	29
Others		478	169
		<u>5,892</u>	<u>3,912</u>

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26. EXPECTED CREDIT LOSSES

	<u>Note</u>	<u>2025</u>	<u>2024</u>
Trade Receivables, (reversed) / charged	10	(7,921)	4,878
Retentions receivable, charged / (reversed)	10	4,915	(3,179)
Other receivables, (reversed) / charged	12	-	22,150
Unbilled Revenue charged / (reversed)	13	547	(621)
		<u>(2,459)</u>	<u>23,228</u>

27. FINANCE COSTS, NET

	<u>Note</u>	<u>2025</u>	<u>2024</u>
Financial charges on loans and bank facilities		1,044	1,044
Financial charges on lease liabilities	7	185	175
		<u>1,229</u>	<u>1,219</u>

28. OTHER INCOME / (LOSS)

	<u>Note</u>	<u>2025</u>	<u>2024</u>
Net foreign exchange gains		(960)	(246)
Gain on leases disposals		-	28
Other income / (losses)		8,215	(6,049)
Compensation receivable	12	44,078	-
		<u>51,333</u>	<u>(6,267)</u>

29. SIGNIFICANT AND SUBSEQUENT EVENTS

On March 2, 2026, the parent company received a notice issued by Zakat, Tax and Customs Authority containing the results of the audit related to Value Added Tax for the years 2021 and 2022.

The notice included tax assessments totaling SAR 8,430,354.77.

The Company will review the notice and take the necessary regulatory actions in accordance with the applicable laws and regulations.

On 11 March 2026, the Company received an amount of SAR 44,078,256 as compensation for the expropriated land in Jeddah, which had an area of 48,900 square meters, as part of the removal of informal settlements in the city of Jeddah. The Company had previously contacted the General Authority for State Real Estate on 19 October 2022 requesting financial compensation for the expropriation of the land.

On the same date the compensation amount was received, the Company settled the first installment of the interest-free loan provided by Mr. Ibrahim Al-Rajhi by paying an amount of SAR 44,078,256.

On 11 March 2026, the Board of Directors issued a resolution to amend the offering price of the proposed rights issue shares amounting to SAR 400,000,000, representing 12,500,000 shares at an offering price of SAR 32 per share. Of the offering price per share, SAR 10 represents the nominal value, while SAR 22 represents the share premium.

No other significant events have occurred from the end of the period on 31 December 2025 until the date of approval of these consolidated financial statements by the Board of Directors that would have a material impact on the Group's financial position or financial performance, other than those mentioned above.

Prior to the authorization of the financial statements, the region experienced an escalation in geopolitical tensions and military developments affecting certain areas of the Gulf. These developments occurred after 31 December 2025 and are therefore considered non-adjusting events in accordance with IAS 10 "Events after the Reporting Period". Accordingly, no adjustments have been made to the accompanying financial statements for the year ended 31 December 2025.

Management has assessed the potential implications of these developments on the Group's operations, supply chains, financial position, and liquidity, and continues to monitor the evolving situation closely. Although the Group has not experienced any material operational disruptions up to the date of authorization of these financial statements, the escalation may affect the broader economic and operating environment in which the Group operates.

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29. SIGNIFICANT AND SUBSEQUENT EVENTS (CONTINUED)

Potential areas of impact may include disruptions to supply chains and logistics, fluctuations in demand across certain sectors, increased credit risk which may affect expected credit loss estimates under IFRS 9 “Financial Instruments”, potential indicators of impairment of non-financial assets under IAS 36 “Impairment of Assets”, and potential pressure on liquidity and compliance with financial covenants under certain scenarios.

As at the date of authorization of these financial statements, management has concluded that these developments do not impact the Group’s ability to continue as a going concern. However, due to the evolving nature of the geopolitical situation and the associated uncertainty, management will continue to monitor developments and assess any potential financial implications in future reporting periods.

30. PROFIT (LOSS) PER SHARE

Basic and diluted profit (loss) per share for the year have been calculated by dividing the net profit (loss) for the year by the weighted average number of outstanding shares at the year end.

	<u>2025</u>	<u>2024</u>
Ordinary shares as at the beginning of the year	6,672,906	6,672,906
Weighted average number of ordinary shares	<u>6,672,906</u>	<u>6,672,906</u>

The basic and diluted loss per share is calculated as follows:

	<u>2025</u>	<u>2024</u>
Continued operations		
Profit for the year attributable to ordinary equity holders of the Parent Company	204,253	66,275
Weighted average number of ordinary shares in issue	<u>6,673</u>	<u>6,673</u>
Basic and diluted profit per share (Saudi Riyal)	<u>30.61</u>	<u>9.93</u>
Discontinued operations		
Loss for the year attributable to ordinary equity holders of the Parent Company	(2,328)	(17,517)
Weighted average number of ordinary shares in issue	<u>6,673</u>	<u>6,673</u>
Basic and diluted loss per share (Saudi Riyal)	<u>(0.35)</u>	<u>(2.63)</u>

The diluted EPS is the same basic EPS as the Group does not have any dilutive instruments in issue.

31. COMMITMENTS AND CONTINGENCIES

	<u>2025</u>	<u>2024</u>
Letters of Guarantee	3,591	1,645
a) In addition to providing guarantees in respect of bank facilities available to certain subsidiaries, the Parent Company has also provided undertakings to support such subsidiaries in meeting their liabilities as they fall due.		
b) During the previous year, a court in Turkey issued a verdict in favor of Mass Kablo Yatırım ve Tic. A.Ş for a case filed by the minority shareholders of its subsidiary. An appeal against the verdict has been presented by said minority shareholders. However, based on a legal opinion obtained from an independent counsel which is of view that the decision of Court of Appeal will not be different from the original decision issued by court of first instance. In addition, the Group assessed and recorded a contingent liability amounting to SAR 52.5 million. Further the group has taken full provision on net assets of Mass Kablo Yatırım ve Tic. A.Ş. For Elimsan Group, within the scope of the financial restructuring process the committee of commissioners are currently reconciling the current balances between the Company and the third parties. The process will be completed once the court appointed experts review and finalize the debts owed to those third parties. In order to account for the same, the Group has recognized a contingent liability of SAR 25.50 million as of the reporting date.		

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31. COMMITMENTS AND CONTINGENCIES (CONTINUED)

- c) Five bank who lent funds to “Elimsan Salt Cihazlari ye Elektromekanik San ve Tic. A.S” have initiated legal action on taking over the lands of the company kept as a mortgage against the loans obtained. The Subsidiary "Mass Kablo Yatirim Ve Ticaret Anonim Sirketi" has made the necessary objections on the legal cases.
- d) “Elimsan Salt Cihazlari ye Elektromekanik San ve Tic. A.S” currently has three bankruptcy cases against for which the final hearing is expected to be held in November 2023. The subsidiary "Mass Kablo Yatirim Ve Ticaret Anonim Sirketi" has made the necessary objections on the legal cases.
- e) Claims have been filed against the Group totaling SAR 21,245,470. Based on the assessment of the Company’s legal counsel, the probability of any loss arising from these claims is considered remote.

32. OPERATING SEGMENT

For management purposes, the Group is organized into business units based on its products and services and has two reportable segments, as follows:

The Group has the following main business segments:

- Sale of manufactured goods.
- Turnkey power and telecommunication projects (based on the contracts).

These business segments are located within the Kingdom of Saudi Arabia and are the Group’s strategic business units. The Parent Company’s top management reviews internal management reports of each strategic business unit at least quarterly. Segment results that are reported to the top management include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

These form the basis of internal management reporting of main business segments.

December 31, 2025	Sale of goods	Contract Revenue	Total
External total revenues	126,123	53,156	179,279
Inter-segment revenue	(23,327)	-	(23,327)
Segment revenue	102,796	53,156	155,952
External total direct costs	(171,324)	(39,256)	(210,580)
Inter-segment direct costs	23,327	-	23,327
Segment cost	(147,997)	(39,256)	(187,253)
Segment gross (loss) / income	(45,201)	13,900	(31,301)
Profit /loss) attributable to shareholders of the Parent Company	198,686	3,239	201,925
Segment assets	798,615	71,055	869,670
Segment liabilities	964,162	119,859	1,084,021
December 31, 2024	Sale of goods	Contract Revenue	Total
External total revenues	18,401	26,256	44,657
Inter-segment revenue	(578)	-	(578)
Segment revenue	17,823	26,256	44,079
External total direct costs	(45,781)	(17,798)	(63,579)
Inter-segment direct costs	578	-	578
Segment cost	(45,203)	(17,798)	(63,001)
Segment gross (loss) / income	(27,380)	8,458	(18,922)
Profit /loss) attributable to shareholders of the Parent Company	50,553	(1,795)	48,758
Segment assets	701,576	37,918	739,494
Segment liabilities	1,084,951	73,984	1,158,935

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32. OPERATING SEGMENT (CONTINUED)

Geographic Information

The Group's operations are conducted in Kingdom of Saudi Arabia, Turkey, and others. Selected financial information summarized by geographic area, is as follows:

	<u>Saudi Arabia</u>	<u>Other</u>	<u>Total</u>
2025			
Assets	765,340	104,330	869,670
Liabilities	1,018,704	65,317	1,084,021
Net revenue	102,796	53,156	155,952
Net profit	193,846	8,079	201,925
2024			
Assets	738,502	992	739,494
Liabilities	1,156,426	2,509	1,158,935
Net revenue	17,823	26,256	44,079
Net profit / (loss)	47,837	921	48,758

33. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks, credit risk, liquidity risk, and market price risk.

Financial instruments by category

Financial assets at amortized cost

	<u>2025</u>	<u>2024</u>
Trade receivables and retention receivables	40,400	68,162
Prepaid expenses and other debit balances	97,250	45,262
Unbilled contract assets	24,830	12,280
Cash and bank balances	36,537	13,983
	199,017	139,687

The Group has no financial assets at fair value through profit and loss.

Financial liabilities at amortized cost:

	<u>2025</u>	<u>2024</u>
Term loans and borrowings	104,290	104,290
Accounts payable, accrued expenses and other liabilities	565,426	680,643
Due to related parties	107,939	54,380
Lease liabilities	1,664	2,130
	779,319	841,443

The Group have no financial liability at fair value through profit and loss.

Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. The Group has policies in place to minimize its exposure to credit risk. The maximum exposure to credit risk at the reporting date is as follows:

	<u>2025</u>	<u>2024</u>
Trade receivables and retention receivables	40,400	68,162
Prepaid expenses and other debit balances	97,250	45,262
Unbilled contract assets	24,830	12,280
Cash and bank balances	36,537	13,983
	199,017	139,687

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33. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (Continued)

The Group seeks to manage its credit risk with respect to banks by only dealing with reputable banks with sound credit rating. With respect to credit risk arising from the financial assets of the Group, including receivables from employees and bank balances, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these assets in the consolidated statement of financial position. The group manages credit risk with respect to its receivables from customers by monitoring it in accordance with the established policies and procedures which include establishment of credit limits and regular monitoring of the ageing of trade receivables.

The Group's management determines the credit risk by regularly monitoring the creditworthiness rating its of existing customers and through a monthly review of the trade receivables' ageing analysis. In monitoring the customers' credit risk, customers are grouped according to their credit characteristics. Customers that are graded as "high risk" are placed on a separate list, and future credit sales are made only with approval of key directors, otherwise payment in advance is required. The group assesses the recoverable amount of its receivables to ensure adequate allowance for impairment is made.

	2025	2024
Not past due	75,805	71,185
Past due	166,548	203,257
Less: Allowance for impairment of Accounts and Retention receivables	(196,217)	(199,223)
	46,136	75,219

Other financial assets included cash and cash equivalents. The maximum credit risk of these financial assets is approximate to the net amounts presented in the statement of financial position.

Foreign Currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group's transactions are principally in Saudi Riyals, Bahraini Dinar, United States Dollar. Transactions and balances in other currencies are not material. For the currencies which have fixed parity with USD, the Group's management believes that their exposure to currency risk is limited. Currency risk is managed on a regular basis by each entity of the Group separately and fluctuation in the exchange rates are monitored on a continuous basis.

Interest rate risk

Interest rate risk is the exposure to various risks associated with the effect of fluctuations in the prevailing interest rates on the Group's financial position and cash flows. Majority of the Group's borrowings are at floating rate of interest and are subject to re-pricing on a regular basis except for Saudi Industrial Development Fund which is, instead of interest or profit, charge the Group a biannually fee. These changes expose the Group to cash flow risks. Management regularly monitors the changes in interest rates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2025

(Expressed in thousands of Saudi Arabian Riyals)

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments and discharge liabilities as they fall due. Liquidity risk may result from the inability to sell a financial asset quickly at an amount close to its fair value.

The following are the contractual maturities at the end of the reporting period of financial liabilities. The amounts are grossed and undiscounted.

Non-derivatives financial instruments	On demand or less than one year	From one year to 5 years	Carrying amount
2025			
Term loans and borrowings	104,290	-	104,290
Accounts payable, accrued expenses and other liabilities	565,426	-	565,426
Lease liabilities	1,664	2,083	3,747
Due to related parties	107,939	-	107,939
	779,319	2,083	781,402
2024			
Term loans and borrowings	104,290	-	104,290
Accounts payable, accrued expenses and other liabilities	680,643	-	680,643
Lease liabilities	2,130	2,544	4,674
Due to related parties	54,380	-	54,380
	841,443	2,544	843,987

34. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

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

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

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2025

(Expressed in thousands of Saudi Arabian Riyals)

34. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

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

If the inputs used to measure the fair value of an asset or liability falls into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest input level that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

35. CAPITAL MANAGEMENT

For the purpose of the Group's capital management, capital includes issued capital, share premium, statutory reserve and retained earnings attributable to the equity holders of the Parent Company. The primary objective of the Group's capital management is to maximize the shareholders' value. The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total equity.

	<u>2025</u>	<u>2024</u>
Term loans and borrowings	104,290	104,290
Less: Cash and cash equivalents	<u>(36,537)</u>	<u>(13,983)</u>
Net debt	67,753	90,307
Equity	(214,351)	(419,441)
Gearing ratio	<u>(32%)</u>	<u>(21%)</u>

36. COMPARATIVES FIGURES

Certain figures have been reclassified in comparative 2024 consolidated financial statements to confirm with the presentation in the current year.

37. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements have been approved by the Board of Directors on 12 Shawal, 1447H, (corresponding to 31 March, 2026G).