

**Astra Industrial Group Company and Its
Subsidiaries**

(A Saudi Joint Stock Company)

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

Astra Industrial Group Company and Its Subsidiaries
(A Saudi Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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**Independent auditor's report
To the Shareholders of Astra Industrial Group Company
(A Saudi Joint Stock Company)**

Opinion

We have audited the consolidated financial statements of Astra Industrial Group Company (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) that is endorsed in the Kingdom of Saudi Arabia, as applicable to audit of consolidated financial statements of public interest entities. We have fulfilled our other ethical responsibilities in accordance with that Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.



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Independent auditor's report (continued)
To the Shareholders of Astra Industrial Group Company
(A Saudi Joint Stock Company)

Key Audit Matter (continued)

Key audit matter	How our audit addressed the key audit matter
<p>Expected Credit Loss allowance against trade receivables</p> <p>As at 31 December 2025, the group's gross carrying amount of trade receivables amounted to SR 1.11 billion against which a loss allowance for expected credit losses of SR 109.54 million is maintained. The Group uses the simplified approach for expected credit loss model (ECL) as required by International Financial Reporting Standard 9 (Financial Instruments) (IFRS 9) to calculate the loss allowance for expected credit losses for trade receivables.</p> <p>The key area of judgement includes assumptions used in ECL model in determining probability of default, loss given default and macro-economic information to adjust the historical loss rates.</p> <p>We considered this as a key audit matter as it involves complex calculations and use of assumptions by management in addition to the materiality of the amounts involved. Refer to note 2.4 to the consolidated financial statements for accounting policy relating to allowance for impairment of trade receivables, note 3.3 for the accounting estimates, assumptions and judgements note 9 and 32.2 for the related disclosures.</p>	<p>Our audit procedures included, among others, the following:</p> <ul style="list-style-type: none">• Assessed the design, implementation, and operating effectiveness of the key controls over the trade receivables aging reports.• Tested the completeness and accuracy of data used in the ECL calculation.• Involved our internal specialist to assess reasonableness of the significant estimates and assumptions, including probability of default, loss given default and those relating to future economic events that are used to calculate the expected credit loss.• Tested the mathematical accuracy of the ECL model.• Ensured that the ECL model is consistently being followed and it is as per the requirements of IFRS 9.• Assessed the adequacy of the relevant disclosures included in the consolidated financial statements.

Independent auditor's report (continued)
To the Shareholders of Astra Industrial Group Company
(A Saudi Joint Stock Company)

Other information included in The Group's 2025 Annual Report

Other information consists of the information included in the Group's 2025 annual report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information in its annual report. The Group's 2025 annual report 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 the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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 IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants and the applicable provisions of the Regulations for Companies and Company's By-laws, 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, the Audit Committee is 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.

Independent auditor's report (continued)
To the Shareholders of Astra Industrial Group Company
(A Saudi Joint Stock Company)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

As part of an audit in accordance with International Standards on Auditing 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.
- 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 a 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.



Independent auditor's report (continued)
To the Shareholders of Astra Industrial Group Company
(A Saudi Joint Stock Company)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

for Ernst & Young Professional Services

Abdullah A. Alshenaibir
Certified Public Accountant
License No. (583)



Riyadh: 20 Ramadhan 1447H
(9 March 2026)

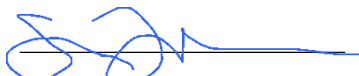
Astra Industrial Group Company and Its Subsidiaries
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION


As at 31 December 2025

(All amounts are in Saudi Riyals unless otherwise stated)

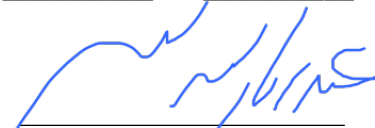
	Note	31 December 2025	31 December 2024
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	905,365,812	818,402,051
Intangible assets	7	54,677,232	47,358,433
Goodwill	7.1	32,133,829	28,452,798
Investment at amortized cost	31	641,115,028	646,602,430
Investment at fair value through other comprehensive income	31	750,660,000	-
Deferred tax asset	18.4	12,747,033	6,161,987
Investment in an unconsolidated subsidiary	34	39,941,266	-
		<u>2,436,640,200</u>	<u>1,546,977,699</u>
CURRENT ASSETS			
Inventories	8	731,320,558	686,150,033
Prepayments and other current assets	11	87,102,513	127,273,281
Due from related parties	10.3	2,238,347	1,093,108
Trade and other receivables	9	1,010,025,593	1,120,865,782
Short term investment at amortized cost	12	102,771,978	667,656,179
Cash and cash equivalents	13	54,380,415	178,046,106
		<u>1,987,839,404</u>	<u>2,781,084,489</u>
TOTAL ASSETS		<u>4,424,479,604</u>	<u>4,328,062,188</u>
LIABILITIES AND EQUITY			
LIABILITIES			
NON-CURRENT LIABILITIES			
Loans and lease liabilities	14	73,872,769	74,538,644
Employees defined benefit liabilities	15.1	169,735,375	157,378,526
Deferred tax liability	18.5	5,496,480	6,051,128
		<u>249,104,624</u>	<u>237,968,298</u>
CURRENT LIABILITIES			
Loans and lease liabilities	14	158,997,967	441,117,549
Trade payables	16	273,121,674	236,009,029
Due to related parties	10.4	41,111,263	29,979,736
Accrued expenses and other current liabilities	17	639,266,924	762,088,293
Zakat and income tax payable	18.2	101,394,943	89,930,576
		<u>1,213,892,771</u>	<u>1,559,125,183</u>
TOTAL LIABILITIES		<u>1,462,997,395</u>	<u>1,797,093,481</u>
EQUITY			
Share capital	19	800,000,000	800,000,000
Retained earnings		2,168,522,282	1,745,007,965
Foreign currency translation reserve	32.1.1	(6,531,600)	(21,201,887)
Equity attributable to shareholders of the parent		<u>2,961,990,682</u>	<u>2,523,806,078</u>
Non-controlling interests	29	(508,473)	7,162,629
TOTAL EQUITY		<u>2,961,482,209</u>	<u>2,530,968,707</u>
TOTAL LIABILITIES AND EQUITY		<u>4,424,479,604</u>	<u>4,328,062,188</u>



Vice President Finance



President
/ Chief Executive Officer



Authorized Board of
Directors Member

The accompanying notes (1) through (37) form an integral part of these consolidated financial statements.

Astra Industrial Group Company and Its Subsidiaries
(A Saudi Joint Stock Company)


CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2025

(All amounts are in Saudi Riyals unless otherwise stated)

	Note	31 December 2025	31 December 2024
Revenue	26	3,070,726,717	3,062,261,277
Cost of revenue	21	(1,656,666,288)	(1,719,969,160)
Gross profit		1,414,060,429	1,342,292,117
Selling and distribution expenses	22	(426,810,463)	(412,380,888)
General and administrative expenses	23	(229,319,838)	(223,579,786)
Provision for impairment for trade and other receivables	9.2	(21,943,772)	(19,317,168)
Research expenses		(41,299,207)	(28,537,920)
Income from operations		694,687,149	658,476,355
Share in profit in unconsolidated subsidiary	34	26,194,555	-
Finance costs		(50,841,511)	(107,265,778)
Other income, net	24	50,629,776	74,701,348
Income before zakat and income tax		720,669,969	625,911,925
Zakat	18.1	(47,655,285)	(61,358,558)
Current income tax charge	18.1	(15,939,271)	(14,088,786)
Deferred tax		9,482,130	2,410,806
		(54,112,426)	(73,036,538)
Net income for the year from continuing operations		666,557,543	552,875,387
Discontinued operation			
Profit / (loss) after tax for the year from discontinued operation	33.1	-	48,213,111
Net income for the year		666,557,543	601,088,498
Attributable to			
Shareholders of the Parent		666,812,348	589,340,930
Non-controlling interests		(254,805)	11,747,568
		666,557,543	601,088,498
Earnings per share from continuing operations (basic and diluted)		8.33	6.91
Earnings per share from discontinued operation (basic and diluted)		-	0.60
Earnings per share attributable to shareholders of the Parent (basic and diluted)	25	8.34	7.37


Vice President Finance


President
/ Chief Executive Officer


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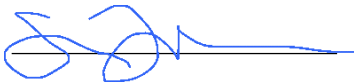
Astra Industrial Group Company and Its Subsidiaries
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

(All amounts are in Saudi Riyals unless otherwise stated)

	<i>Note</i>	<i>31 December 2025</i>	<i>31 December 2024</i>
Net income for the year		666,557,543	601,088,498
Other comprehensive income (OCI) to be reclassified to income in subsequent years:			
Exchange income on translation of foreign operations		<u>14,658,604</u>	<u>8,826,149</u>
		14,658,604	8,826,149
Other comprehensive income not to be reclassified to income in subsequent years:			
Re-measurement loss on employee defined benefit liabilities	15.1	<u>(3,298,031)</u>	<u>(2,252,560)</u>
		11,360,573	6,573,589
Total comprehensive income for the year		<u>677,918,116</u>	<u>607,662,087</u>
Attributable to:			
Shareholders of the Parent		<u>678,184,604</u>	595,903,466
Non-controlling interests		<u>(266,488)</u>	11,758,621
		<u>677,918,116</u>	<u>607,662,087</u>



Vice President Finance



President
/ Chief Executive Officer



Authorized Board of
Directors Member

Astra Industrial Group Company and Its Subsidiaries
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

(All amounts are in Saudi Riyals unless otherwise stated)

	Note	Attributable to shareholders of the Parent				Total	Non-Controlling interests	Net equity
		Share capital	Statutory Reserve	Retained earnings	Foreign Currency Translation reserve			
1 January 2025		800,000,000	-	1,745,007,965	(21,201,887)	2,523,806,078	7,162,629	2,530,968,707
Net income for the year		-	-	666,812,348	-	666,812,348	(254,805)	666,557,543
Other comprehensive income		-	-	(3,298,031)	14,670,287	11,372,256	(11,683)	11,360,573
Total comprehensive income		-	-	663,514,317	14,670,287	678,184,604	(266,488)	677,918,116
Dividends	35	-	-	(240,000,000)	-	(240,000,000)	-	(240,000,000)
Unconsolidation of a subsidiary	34	-	-	-	-	-	(7,402,075)	(7,402,075)
Payment for purchase of share of non-controlling interest	2.2	-	-	-	-	-	(2,539)	(2,539)
31 December 2025		800,000,000	-	2,168,522,282	(6,531,600)	2,961,990,682	(508,473)	2,961,482,209
1 January 2024		800,000,000	406,568,677	951,359,918	(30,025,983)	2,127,902,612	3,205,147	2,131,107,759
Net income for the year		-	-	589,340,930	-	589,340,930	11,747,568	601,088,498
Other comprehensive income		-	-	(2,261,560)	8,824,096	6,562,536	11,053	6,573,589
Total comprehensive income		-	-	587,079,370	8,824,096	595,903,466	11,758,621	607,662,087
Dividends	35	-	-	(200,000,000)	-	(200,000,000)	-	(200,000,000)
Disposal of a subsidiary		-	-	-	-	-	(7,801,139)	(7,801,139)
Transfer	20	-	(406,568,677)	406,568,677	-	-	-	-
31 December 2024		800,000,000	-	1,745,007,965	(21,201,887)	2,523,806,078	7,162,629	2,530,968,707

Vice President Finance

President
/ Chief Executive Officer

Authorized Board of
Directors Member

The accompanying notes (1) through (37) form an integral part of these consolidated financial statements.

Astra Industrial Group Company and Its Subsidiaries
(A Saudi Joint Stock Company)

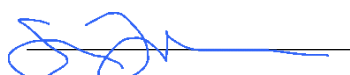
CONSOLIDATED STATEMENT OF CASH FLOWS

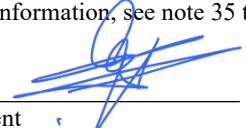
For the year ended 31 December 2025

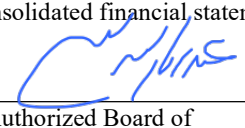
(All amounts are in Saudi Riyals unless otherwise stated)

	Note	31 December 2025	31 December 2024
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before zakat and income tax - Continuing operations		720,669,969	625,911,925
Discontinued operation		-	48,213,111
Income before zakat and income tax including discontinued operation		720,669,969	674,125,036
Adjustments for non-cash items			
Depreciation and amortization	5,7	82,636,137	80,957,535
Finance costs		50,841,511	110,737,068
Finance income on investment at amortised cost	31	(26,996,973)	(7,680,115)
Provision for near expiry, obsolete and slow- moving inventories	8.1	30,714,874	23,258,296
Employee defined benefit costs	15.1	24,464,049	22,860,615
Provision for impairment of trade and other receivables	9.2	21,943,772	19,317,168
Gain on disposal of a subsidiary	33.1	-	(48,894,883)
Share in profit in unconsolidated subsidiary	34	(26,194,555)	-
Gain on disposal of property, plant and equipment	24	(205,759)	(507,325)
Net monetary loss	24	4,329,309	1,454,435
Net foreign exchange differences		(4,274,853)	(613,041)
Changes in operating assets and liabilities:			
Inventories		(76,337,205)	6,637,875
Trade and other receivables		88,992,995	(198,564,268)
Due from related parties		(1,145,239)	1,347,026
Prepayments and other current assets		2,647,745	18,493,418
Trade payables		37,112,645	2,164,217
Accrued expenses and other current liabilities		(56,040,525)	90,615,127
Employees defined benefit paid	15.1	(15,405,231)	(10,613,136)
Zakat and income tax paid	18.2	(50,363,408)	(54,235,415)
Net cash generated from operating activities		807,389,258	730,859,633
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(152,541,772)	(252,364,067)
Proceed from disposals of property, plant and equipment		4,872,696	3,028,392
Additions to intangible assets	7.2	(8,304,511)	(6,129,810)
Purchase of investment in long-term sukuk	31	(750,660,000)	(655,164,502)
Movement in short term investments at amortized cost	12	564,884,201	(104,471,561)
Proceeds from sale of a subsidiary		-	34,928,389
Amount received from purchaser of a subsidiary		-	129,550,000
Net cash used in investing activities		(341,749,386)	(850,623,159)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net movement in short-term loans	14.1	(211,493,114)	(379,782,156)
Proceeds from long-term loans	14.1	14,020,294	15,819,000
Repayment of long-term loans	14.1	(95,164,802)	(89,111,229)
Due to related parties		40,462,241	(1,925,430)
Dividends paid	34	(240,000,000)	(200,000,000)
Payment of principal portion of lease liabilities		(13,812,944)	(7,743,918)
Coupon income on investment at amortised cost		32,484,375	16,242,188
Finance costs paid		(47,235,854)	(108,358,046)
Non-controlling interest - Net		-	(7,801,139)
Net cash used in financing activities		(520,739,804)	(762,660,730)
Net change in cash and cash equivalents		(55,099,932)	(882,424,256)
Cash and cash equivalents at the beginning of the year		178,046,106	1,058,096,691
Cash and cash equivalents related to unconsolidated subsidiary		(79,737,319)	-
Net foreign exchange gain		11,171,560	2,373,671
Cash and cash equivalents at the end of the year	13	54,380,415	178,046,106

For supplement schedule of significant non-cash information, see note 35 to these consolidated financial statements.


Vice President Finance


President
/ Chief Executive Officer


Authorized Board of
Directors Member

The accompanying notes (1) through (37) form an integral part of these consolidated financial statements.

Astra Industrial Group Company and Its Subsidiaries (A Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts are in Saudi Riyals unless otherwise stated)

1 ORGANIZATION AND ACTIVITIES

Astra Industrial Group Company (the “Company” / “AIG”) and its subsidiaries (together the “Group”) is a Saudi joint stock company operating under unified identification number 7001513824 and commercial registration number 1010069607 issued in Riyadh, Saudi Arabia on Muharram 9, 1409H (corresponding to August 22, 1988). The address of the Group’s head office is as follows:

Astra Industrial Group
P.O. Box 1560
Riyadh 11441
Kingdom of Saudi Arabia (KSA)

The principal activities of the Group are as follows:

- Building, managing, operating and investing in industrial plants.
- Production, marketing and distribution of medicine and pharmaceutical products.
- Production of polymer compounds, plastic additives, color concentrates and other plastic products.
- Production of compounded fertilizers and agriculture pesticides and wholesale and retail trading of fertilizers, fungicides and insecticides.
- Metal based construction of buildings, building frames, and productions of steel products.

2 MATERIAL ACCOUNTING POLICY INFORMATION

2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia (“IFRS”) and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

These consolidated financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies such as employees defined benefit liabilities which are recognised at the present value of future obligations using the Projected Unit Credit Method. The Group has prepared the financial statements on the basis that it will continue to operate as a going concern.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of Astra Industrial Group Company and its subsidiaries as at 31 December 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, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- * The contractual arrangement(s) 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 of 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 OCI are attributed to the equity holders of the parent 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 in 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.

Astra Industrial Group Company and Its Subsidiaries
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2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.2 Basis of consolidation (continued)

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 derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in the consolidated statement of profit or loss. Any investment retained, if any, is recognised at fair value.

The subsidiaries included in these consolidated financial statements are as follows:

<i>Subsidiary Company</i>	<i>Country of Incorporation</i>	<i>Percentage of effective ownership (Directly or indirectly)</i>	
		<i>2025</i>	<i>2024</i>
Pharmaceuticals segment:			
Tabuk Pharmaceutical Manufacturing Company (“TPMC”)	Kingdom of Saudi Arabia	100	100
TPMC has the following subsidiaries:			
- Tabuk Pharmaceutical Research Company	The Hashemite Kingdom of Jordan	100	100
- Tabuk Pharmaceutical Company Limited (“TPCL Sudan”)	Republic of the Sudan	100	100
- Tabuk Pharmaceutical Manufacturing Company LLC	Arab republic of Egypt	100	100
- Eurl Societe Tabuk Algerie	People's Democratic Republic of Algeria	100	100
- Astra Energy LLC (“Astra Energy”)**	The Hashemite Kingdom of Jordan	100	-
Astra Energy has the following subsidiary :			
- Fertile Crescent for Electricity Generation Company	Republic of Iraq	100	-
- Tabuk Pharmaceutical Manufacturing Company (“TPMC”) LLC	Arab Republic of Egypt	100	100
Tabuk Pharmaceutical Manufacturing Company (“TPMC”) LLC has the following subsidiaries:			
- Tabuk Pharmaceutical Manufacturing - Egypt (LP)	Arab Republic of Egypt		
- Tabuk Health Care Company – LLC	Arab Republic of Egypt	100	100
- Tabuk Medical Company L.L.C	Arab Republic of Egypt	100	100
- Tabuk Trading LLC	Arab Republic of Egypt	100	100
- Tabuk Poland Limited (“TPL Poland”)	Republic of Poland	100	100
- Tabugen France (“TF France”)	French Republic	100	100
		100	100
Specialty chemical segment:			
Astra Polymer Compounding Company Limited (“Polymer”)	Kingdom of Saudi Arabia	100	100
Polymer has the following subsidiaries:			
- Astra Polymers free zone Imalat Sanayi Ve Ticaret Anonim Sirketi. (“Astra Polymers Free Zone”)	Republic of Turkey	100	100
- Astra Polymer Pazarlama San. Ve Tic. A.Ş	Republic of Turkey	100	100
- Astra Specialty Compounds India Private Limited	Republic of India	100	100
- Astra Polymers Company Industries – Sole LLC	United Arab Emirates	100	100
- Astra Polymers Maroc	Kingdom of Morocco	100	100
Astra Industrial Complex Co. Ltd. for Fertilizer and Agrochemicals (“AstraChem”)	Kingdom of Saudi Arabia	100	100
AstraChem has the following subsidiaries:			
- Astrachem Saudia EURL (“Astrachem Algeria”)	People's Democratic Republic of Algeria	100	100
- AstraChem Morocco	Kingdom of Morocco	100	100
- Aggis International Limited	British Virgin Islands	100	100

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2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.2 Basis of consolidation (continued)

- Chemidor Tarim Ticaret Limited Sirketi, formally (AstraChem Turkey)	Republic of Turkey	100	100
- AstraChem Syria	Syrian Arab Republic	100	100
- AstraChem Tashqand	Republic of Uzbekistan	100	100
- Astra Industrial Complex Co. Ltd. for Fertilizer and Agrochemicals, Jordan	The Hashemite Kingdom of Jordan	100	100
- Astra Nova, Turkey	Republic of Turkey	100	100
- AstraChem Ukraine Ltd.	Ukraine	100	100
- Astra Industrial Complex Company Egypt ("Astrachem Egypt")	Arab republic of Egypt	100	100
- AstraChem Agricultural Saudi Jordan Co.	Arab republic of Egypt	100	100
- Astra Industrial Complex for Fertilizers and Agrochemicals and Investments	Sultanate of Oman	100	100
- Al Hadaba Al Khadra ("Al Hadaba") Company Limited – Jordan	The Hashemite Kingdom of Jordan	100	100
- AstraChem Agriculture Co, LLC.	United Arab Emirates	100	100
- Universal United Chemicals Co. Ltd.	People's Republic of China	100	100
- Astra Agricultural Company Limited	Kingdom of Saudi Arabia	100	100
- CHEMNOVA Limited Liability Company	People's Democratic Republic of Algeria	49	49
- Agrostulln GmbH	Federal Republic of Germany	100	100
- AstraChem Germany GmbH	Federal Republic of Germany	100	100
- Astra Agricultural Products	State of Qatar	100	100
- Astra Industrial Specialty Chemicals Co. Limited	The Republic of Kenya	100	-
Steel industries segment:			
- International Building Systems Factory Company Limited ("IBSF")	Kingdom of Saudi Arabia	100	100
- Al-Tanmiya Company for Steel Manufacturing ("Tanmiya") (refer note 34)	The Hashemite Kingdom of Jordan	-	65
- Astra Energy LLC ("Astra Energy")*	The Hashemite Kingdom of Jordan	-	76
Astra Energy has the following subsidiary :			
- Fertile Crescent for Electricity Generation Company	Republic of Iraq	-	76
Others:			
- Astra Arabia Real Estate Company ("Astra Real Estate")	Kingdom of Saudi Arabia	100	100
- Desert Pearl Invest Limited	British Virgin Islands	100	100

* During the year the Group acquired the share of non-controlling interest of Astra Energy and transferred the 100% ownership from AIG to TPMC.

2.3 Group as a lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the 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 recognised over the lease term on the same bases as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

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2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4 Financial instruments

Financial assets

Classification of financial assets depends on the Group's business model for managing its financial assets and the contractual terms of the cash flows. The Group classifies its financial assets as:

- Financial assets measured at amortised cost, or
- Financial assets measured at fair value

Gains or losses of assets measured at fair value will be recognised either through the consolidated statement of profit or loss or through the consolidated statement of other comprehensive income ("OCI").

Investment at amortized cost, due from related parties, short term investment at amortized cost as well as trade receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interests, are measured at amortised cost.

Investment at fair value through other comprehensive income is measured at fair value.

Initial measurement

Financial assets are initially measured at its fair value, plus transaction costs in the case of a financial asset not at fair value through profit or loss. Transaction costs of financial assets carried at fair value through P&L are recognised in the consolidated statement of profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows meet the requirements as solely payment of principal and interest.

Subsequent measurement

Debt instruments

Currently, the Group subsequently measures its debt instruments at amortized cost.

Financial assets held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (SPPI) are measured at amortised cost. A gain or loss on a debt investment subsequently measured at amortised cost and not part of a hedging relationship is recognised in the consolidated statement of profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

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.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the 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.

De-recognition

A financial asset or a part of a financial asset is de-recognised 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) Group has transferred substantially all the risks and rewards of the asset, or

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2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4 Financial instruments (continued)

Financial assets (continued)

De-recognition (continued)

- b) The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment

The Group assesses on a forward-looking basis the Expected Credit Losses (“ECL”) associated with its debt instruments as part of its financial assets, carried at amortised cost.

For trade and other receivables, the Group applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables. To measure the expected credit losses, receivables are grouped based on shared credit risk characteristics and the days past due. Expected loss rates are derived from historical information of the Group and are adjusted to reflect the expected future outcome which also incorporates forward looking information for macroeconomic factors.

The financial assets, other than trade receivables, which include long-term sukuk, bank balances, short term deposits, short term investment at amortized cost, due from related parties and some of other current assets, of the Group are categorized as follows:

- (a) **Performing:** these represent the financial assets where customers have a low risk of default and a strong capacity to meet contractual cash flows. Less than 30 days past due balances do not result in significant increase in credit risk and are considered as performing.

The Group measures the loss allowance for performing financial assets at an amount equal to 12-month expected credit losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime. 12-month expected credit losses are the portion of expected credit losses that results from default events on the financial assets that are possible within 12 months after the reporting date.

- (b) **Underperforming:** these represent the financial assets where there is a significant increase in credit risk and that is presumed if the customer is more than 30 days past due in making a contractual payment.

The Group measures the loss allowance for underperforming financial assets at an amount equal to lifetime expected credit losses.

- (c) **Non-performing:** these represent defaulted financial assets. A default on a financial asset is considered when the customer fails to make a contractual payment/installment within 90 days after they fall due.

The Group measures the loss allowance for non-performing financial assets at an amount equal to lifetime expected credit losses.

A credit loss, is calculated as the present value (at original effective profit rate) of the difference between:

- (a) The contractual cash flows that are due to the Group under the contract; and
- (b) The cash flows that the Group expects to receive.

Financial assets are written-off only when it is past due for at least one year and there is no reasonable expectation of recovery. Where financial assets are written off, the Group continues to engage enforcement activities to attempt to recover the receivable due. Where recoveries are made, after write-off, they are presented as part of provision for impairment-net and are recognised as other income in the consolidated statement of profit or loss.

Financial liabilities

Initial recognition, measurement and presentation

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

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2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4 Financial instruments (continued)

Financial liabilities (continued)

The Group's financial liabilities include trade payables, amounts due to related parties, accrued expenses and other current liabilities and loans and lease liabilities.

Subsequent measurement

The Group measures its financial liabilities at amortized cost. After initial recognition, financial liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the consolidated statement of profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised 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 amortisation is included as finance costs in the consolidated statement of profit or loss.

Derecognition

A financial liability is derecognised 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 recognised in the consolidated statement of profit or loss.

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 recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.5 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 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, maximising the use of relevant observable inputs and minimising 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:

- 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;

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

The Group's Valuation Committee determines the policies and procedures for both recurring fair value measurement, and for non-recurring measurement, such as assets held for sale in discontinued operations.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in note 31

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2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.6 Revenue recognition

The Group generates revenue from the sale of pharmaceutical products, specialty chemicals and steel structures. The Group also generates revenue from rendering of services as in the pharmaceutical, specialty chemical and steel segments, there are few contracts where the Group provides toll manufacturing services to the customers in pharmaceutical and specialty chemical segments where the revenue is recognised at the point in time and installations services in steel segment where the revenue recognised over time.

(i) Revenue from sale of goods

The Group generates revenue from the sale of pharmaceutical products, specialty chemicals and steel segments. Where the revenue is recognised at point in time.

The following are some of the key indicators used by the Group in determining when control has passed to the customer:

- i. The Group has a right to payment for the product or service;
- ii. The customer has legal title to the product;
- iii. The Group has transferred physical possession of the product to the customer;
- iv. The customer has the significant risks and rewards of ownership of the product; and
- v. The customer has accepted the product.

The pharmaceutical segment of the Group has arrangements with customers related to goods return. Therefore, a refund liability (included in accrued expenses and other liabilities) is recognised for the products expected to be returned. Accumulated experience is used to estimate such returns at the time of sale at a portfolio level (expected value method) and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. Returned product cannot be resold so no asset is recorded for the right to recover inventory associated with returns.

The group has issued free goods to specific customers instead of discounts. The group recognized revenue from free goods when transferred to the customer and a contract liability is recognised when the free goods are due but still not transferred to the customer.

(ii) Revenue from rendering of services

The Group also generates revenue from rendering of services as in the pharmaceutical, specialty chemical and steel segments, there are few contracts where the Group provides toll manufacturing services to the customers in pharmaceutical and specialty chemical segments where the revenue is recognised at the point in time and installations services in steel segment where the revenue recognised over time.

The Group evaluates the control assessment of services rendered to customers either directly or through the involvement of third-party vendors. The Group is acting as a principal where it is responsible to make the decisions around effective utilization of internal resources and/or vendors/sub-contractors in steel structuring services and in the eventual delivery of the deliverables fulfilling the customer's requirements. Where the Group is the primary obligor within the context of the contract with the customer and has the direct responsibility to provide the services either directly or indirectly, the revenue is recorded on gross basis as a principal.

For limited number of contracts in IBSF, one of the subsidiaries operating in steel industry, part of revenues is recognised over a period of time based on work certified using the input method. In general, the agreed performance periods for such contracts are up to one year. IBSF provides assurance type warranty, where the company provide assurance that the product will function as expected (See note 26.4).

In the pharmaceutical and specialty chemical segments, there are few contracts where the Group provides toll manufacturing services to the customers i.e the Group receives the goods from principal and after processing either returns the goods to the principal or sell to the customers as per the principal instructions. For such services, the Group acts as an agent and accordingly recognised the net amount as service revenue (See note 26.5).

The service revenue is recognised when the related performance obligations are satisfied.

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2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.6 Revenue recognition (continued)

(ii) Revenue from rendering of services (continued)

The Group determines whether it is a principal or agent for each specified services promised to the customer. When the Group acts as an agent and satisfies a performance obligation, the Group recognises revenue at net amount of any fee or commission to which it expects to be entitled, from principal, in exchange for rendering of services to the other party. In such cases, the Group does not recognise the related inventory in the consolidated financial statements.

(iii) Principal versus agent

Significant judgement is required in determining whether the Group is acting as principal, reporting revenue on a gross basis, or acting as an agent, reporting revenue on a net basis. The Group evaluates the following indicators amongst others when determining whether it is acting as a principal or agent in the transaction and recording revenue on a gross, or net, basis:

- (i) The Group is primarily responsible for fulfilling the promise to provide the specified goods or service;
- (ii) The Group has inventory risk before the specified good or service has been transferred to a customer;
- (iii) The Group has discretion in establishing the price for the specified good or service.

The Group assesses different categories of revenue in the light of the above indicators, however, before concluding on whether it is acting as a principal or an agent, the Group exercises judgement considering the nature of the product and solution offering, complexity involved in delivering the product and solution, level of control available to the Group in the process of delivering the product and solution.

Sales of product and services in which the Group acts as a principal are presented on a gross basis.

Sales of product and services where there is no involvement of the Group for fulfilling the performance obligation is presented on a net basis.

Amounts collected by the group on behalf of a third party are accounted for as a payable in the statement of consolidated financial position until they are settled and do not gross up revenue and expenses. Similarly, amounts prepaid by the group to a third party on behalf of customers are recognised as a receivable until they are recovered and do not gross up revenues and expenses.

Multiple performance obligations

Some contracts include multiple performance obligations, such as the delivery and installation of steel structures. In such cases, at contract inception the total selling price is allocated to goods based on the standalone selling prices of goods and the residual is allocated to installation services. The revenue is recognised when each performance obligation is satisfied under the terms of the contract. When contracts contain customer acceptance provisions, revenue is recognised upon the satisfaction of the acceptance criteria.

For determining standalone selling price, the Group uses observable prices wherever available. When evidence from recent transactions is not available to confirm that the prices are representative of the standalone selling price, then adjusted market assessment approach, cost plus margin approach or residual value approach as prescribed in IFRS 15 will be used to estimate the standalone selling prices.

The amount of revenue to be recognised is based on the consideration that the Group expects to receive, at contract inception, in exchange for its goods and services. The Group determined the transaction price in respect of each of its contracts with customers by assessing the impact, if any, of variable consideration, the existence of significant financing component, any non-cash consideration and the amount paid or payable to the customers. The Group determined that there is no major impact of above items on transaction price.

See Note 26 for the details of revenue recognised during 2025 and 2024.

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2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.6 Revenue recognition (continued)

Contract balances

Contract assets

A contract asset is initially recognised for revenue earned from services and products because the receipt of consideration is conditional on successful completion of the performance obligation. Upon completion of the performance obligation, the amount recognised as contract assets is reclassified to accounts receivables. Contract assets are subject to impairment assessment. Refer to accounting policies on impairment of financial assets in section “impairment” in note 2.4 “Financial instruments”.

Trade receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost. Refer to accounting policies of financial instruments in note 2.4 “Financial instruments”.

Contract liabilities

A contract liability is recognised if a payment is received, or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

2.7 Business combination 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 the acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects to measure the non-controlling interest in the acquiree 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.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

In a business combination achieved in stages, the Group remeasures its previously held interest in the acquiree at its acquisition-date fair value and recognise the resulting gain or loss, if any, in the consolidated statement of profit or loss.

When the Group acquires a business, it assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Contingent consideration, if any, to be transferred by the acquirer will be recognised 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 recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised 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 recognised 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 recognised in the consolidated statement of profit or loss

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2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.7 Business combination and goodwill (continued)

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 of the operation.

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.

On first time adoption of IFRS, the Group has applied exemption whereby IAS 21 was not retrospectively applied to.

fair value adjustments and goodwill from business combinations that occurred before the date of transition to IFRS. Such fair value adjustments and goodwill are treated as assets and liabilities of the parent rather than as assets and liabilities of the acquiree. Therefore, those assets and liabilities are already expressed in the functional currency of the Parent or are non-monetary foreign currency items and no further translation differences occur.

2.8 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 realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash and bank balances 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.

2.9 Foreign currencies

The Group's consolidated financial statements are presented in Saudi Riyals ("SR"), which is also the Company's functional and Group's presentation currency. For each entity, the Group determines the functional currency and items included in the 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.

(i) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency spot rate at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date

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2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.9 Foreign currencies (continued)

(i) Transactions and balances (continued)

Differences arising on settlement or translation of monetary items are recognised in the consolidated statement of profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is classified to consolidated statement of profit or loss. Repayment of intercompany loans are considered as disposal or partial disposal. Tax charges and credits, if any, attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

(ii) Group companies

On consolidation, the assets and liabilities of foreign operations (whose functional currency is not the currency of a hyperinflationary economy) including comparatives, are translated into Saudi Riyals at the rate of exchange prevailing at the reporting date and their statement of profit or loss are translated at the average exchange rates. The exchange differences arising on the translation of foreign operations are recognised in OCI. On partial or full disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in the consolidated statement of profit or loss.

(iii) Hyperinflation at the Group level

On consolidation, the financial statements of foreign operations (whose functional currency is the currency of a hyperinflationary economy), are translated into Saudi Riyals at the rate of exchange prevailing at the reporting date. Prior to translating the financial statements of foreign operations in a hyperinflationary economy, the statement of income and non-monetary statement of financial position items are restated taking into account changes in the general purchasing power of the functional currency based on the inflation up to the statement of financial position date. The net monetary gain or loss is recognised as part of 'Other income (expenses)' in the consolidated statement of profit or loss. The comparative amounts presented previously in a stable currency are not restated.

(iv) Hyperinflation at subsidiary in hyperinflationary economy level

At the beginning of the first period of application, the components of equity, except retained earnings, are restated by applying a general price index from the dates the components were contributed or otherwise arose. These restatements are recognised directly in OCI. Restated retained earnings are derived from all other amounts in the restated statement of financial position. If on initial application of hyperinflation accounting the restated value of the non-monetary assets exceed their recoverable amount, the initial adjustment is capped at the recoverable amount and the net increase is recorded directly in retained earnings. At the end of the first period and in subsequent periods, all components of equity are restated by applying a general price index from the beginning of the period or the date of contribution, if later.

(v) Zakat and foreign income tax

Zakat is provided for in accordance with Zakat, Tax and Customs Authority regulations. Income tax for foreign entities is provided for in accordance with the relevant income tax regulations of the countries of incorporation. Adjustments arising from final Zakat and Foreign income tax assessments are recorded in the period in which such assessments are made.

2.10 Zakat and income tax

(i) income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

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2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.10 Zakat and income tax (continued)

(i) *income tax*

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) *Deferred tax*

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences and unused tax losses can be utilised.

Such deferred tax assets and liabilities are not recognised if the temporary difference and unused tax losses arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

On 23 May 2023, the International Accounting Standards Board (IASB) issued amendments to IAS 12 Income Taxes (Amendments). The Amendments address concerns related to accounting and reporting of Pillar Two income taxes. These Amendments are applicable for annual periods beginning on or after 1 January 2023. The Amendments introduced a mandatory temporary exception from recognizing and disclosing deferred taxes related to Pillar Two when the legislation is enacted. The Group has applied this mandatory exception to recognizing and disclosing information about deferred tax assets and liabilities arising from Pillar Two income taxes.

2.11 Value-added tax

Expenses and assets are recognised net of the amount of value-added tax, except:

- * When the value-added tax incurred on a purchase of assets or services is not recoverable from ZATCA, in which case, the value-added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- * When receivables and payables are stated with the amount of value-added tax included

The net amount of value-added tax recoverable from, or payable to, the ZATCA is included as part of prepayments and other current assets or accrued expenses and other current liabilities in the statement of financial position.

2.12 Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any, except for land and projects under construction which are stated at cost. Such cost includes the cost of replacing parts of the property, plant and equipment and borrowing costs for qualifying assets if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria is satisfied. All other repairs and maintenance costs are recognised in the consolidated statement of profit or loss as incurred. The present value of the expected cost for the decommissioning of the asset after its use, is included in the cost of the respective asset if the recognition criteria for a provision are met.

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2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.12 Property, plant and equipment (continued)

Depreciation on a straight-line basis is calculated over the estimated useful lives of the assets as follows:

	<i>Years</i>
Buildings	10 - 33
Leasehold improvements	The lower of lease period or 4 - 10
Machinery and equipment	5 - 20
Furniture, fixtures and office equipment	3 - 10
Vehicles	4

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on 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 when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each period end and adjusted accordingly, if appropriate.

Leasehold improvements are depreciated over the shorter of the estimated useful life or the remaining term of the lease. The capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

2.13 Leases

Leases are recognised as a right-of-use asset and a corresponding liability, at the date at which the leased asset is available for use by the Group. Assets and liabilities arising from a lease are initially measured on a present value basis.

(i) Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, if that rate can be determined, or the group's incremental borrowing rate. Generally, the Group uses the incremental borrowing rate as the discount rate.

Lease payments include in the measurement of lease liabilities comprise the following:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payment that are based on an index or a rate;
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

Subsequently, the lease liabilities are measured at amortized cost using the effective interest rate method. It is re-measured when there is a change in future lease payments arising from a change in index or rate, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liabilities are re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in consolidated statement of profit or loss if the carrying amount of right-of-use asset is reduced to zero.

(ii) Right-of-use ("ROU") assets

Right-of-use assets are initially measured at cost, comprising the following:

- The amount of the initial measurement of lease liability,
- Any lease payments made at or before the commencement date less any lease incentives received,
- Any initial direct costs, and
- Restoration costs.

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2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.13 Leases (continued)

(ii) Right-of-use (“ROU”) assets (continued)

Refundable security deposits are not included in the initial measurement of a right-of-use asset. However, the difference between the nominal amount of the refundable security deposits and its fair value at the commencement of the lease represent, an additional lease payment which is prepaid and accordingly added to the initial carrying amount of the right-of-use asset and released to the consolidated statement of profit or loss over the lease term as part of the depreciation of that asset.

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. In addition, the right-to-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurement of lease liabilities. The right-of-use assets are also subject to impairment. Refer section 2.20 “Impairment of non-financial assets”.

Depreciation on a straight-line basis is calculated over the estimated useful lives of the right-of-use assets as follows:

	<i>Years</i>
Lands and buildings	10 - 33
Vehicles	3 – 5

2.14 Lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The lease term assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

Short-term and low value leases

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the consolidated statement of profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office equipment and furniture.

2.15 Borrowings and borrowing costs

2.15.1 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The borrowings are classified as a current liability when the remaining maturity is less than 12 months.

2.15.2 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 capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.16 Intangible assets (other than goodwill and intangible assets with indefinite useful lives)

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 as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in the consolidated statement of profit or loss when it is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

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2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.16 Intangible assets (other than goodwill and intangible assets with indefinite useful lives) (continued)

Intangible assets with finite lives are amortised over their useful economic lives, which ranges from 2 to 7 years. The amortisation period and the amortisation 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 accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of profit or loss in the expense category consistent with the function of the intangible assets.

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

2.17 Impairment of goodwill and intangible assets with indefinite useful lives

These are tested for impairment annually as at 31 December, and when circumstances indicate that the carrying value may be impaired.

Impairment is determined by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill or intangible asset relates. Where the recoverable amount of the cash-generating unit is less than their carrying amount, an impairment loss is recognised.

Impairment losses relating to goodwill cannot be reversed in future periods.

2.18 Non-current assets (or disposal group) held for sale and discontinued operation

Non-current assets (or disposal group) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, if any.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

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 consolidated 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.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the consolidated statement of profit or loss and other comprehensive income.

2.19 Research costs

Research costs are expensed as incurred.

2.20 Inventories

Inventories are stated at the lower of cost or net realisable value. Cost of raw and packing materials, consumables and finished goods is principally determined on a weighted average cost basis. Inventories of work in progress and finished goods include cost of materials, labor and an appropriate proportion of direct overheads based on normal level of activity. When inventories become old or obsolete, a provision for slow-moving and obsolete inventories is provided and charged to the consolidated statement of profit or loss.

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2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.20 Inventories (continued)

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs to sell.

2.21 Impairment of 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's or CGU's fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where 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.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used such as valuation multiples (including earnings multiples), quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed projections which are prepared separately for each of the Group's CGU to which the individual assets are allocated. These projections are generally covering a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of profit or loss.

2.22 Trade payables

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.23 Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash at banks and on hand and, short-term deposits including Murabaha investments with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

2.24 Expenses

Selling and marketing expenses are those that mainly relate to salesmen of the Group. All other expenses are allocated to general and administration expenses in accordance with allocation factors determined as appropriate by the Group.

2.25 Dividends to shareholders

The Group recognises a liability to make cash or non-cash distributions to shareholders of the Parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the Regulations for Companies of Saudi Arabia, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

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2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.26 Provisions

(i) General

Provisions are recognised 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. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised 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 net of any reimbursement, if any.

If the effect of the time value of money is material, provisions are discounted using a current 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 recognised as a finance costs.

(ii) Employees' benefit

The Group recognises a liability when an employee has provided service in exchange for employee benefits to be paid in the future and an expense when the Group consumes the economic benefits arising from service provided by an employee in exchange for employee benefits. Employee benefits are short-term employee benefits, post-employment benefits, other long-term employee benefits and termination benefits.

(a) Short-term employee benefits

Provision is made for benefits accruing to employees in respect of salaries and wages, vacation leaves, ticket and other benefits when it is probable that settlement will be required and they are capable of being measured reliably. Provisions made in respect of employee benefits expected to be settled within 12 months, if any, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Provisions made in respect of employee benefits, which are not expected to be settled within 12 months, are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

(b) Employee benefit obligations

The Group operates a defined benefit scheme for its employees in accordance with the applicable labor regulations. The cost of providing the benefits under the defined benefits plan is determined using the projected unit credit method. Actuarial gains and losses are recognised in full in the period in which they occur in other comprehensive income. Such actuarial gains and losses are also immediately recognised in the retained earnings and are not reclassified to consolidated statement of profit or loss in subsequent periods.

Interest expense is calculated by applying the discount rate to the net employees defined benefit liabilities. The Group recognises the following changes in the net defined benefit obligation under "Cost of sales", "General and administrative expenses" and "Selling and distribution expenses" in the consolidated statement of profit or loss (by function).

* Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and,

* Net interest expense or income

The defined benefit asset or liability comprises the present value of the defined benefit obligation, less past service costs and less the fair value of plan assets out of which the obligations are to be settled. However, currently the plan is unfunded and has no assets.

2.27 Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its consolidated financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its consolidated financial statements, but will disclose the nature of the non-adjusting event and an estimate of its financial effect, or a statement that such an estimate cannot be made, if applicable

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3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make 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 asset or liability affected in future periods. 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 beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Significant accounting judgements, estimates and assumptions are described below:

3.1 Going concern

The Group operates in diversified industries including pharmaceutical, specialty chemical, power and steel and other. Further, the operations are geographically spread in various locations. Management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Moreover, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as going concern. Therefore, the consolidated financial statements continue to be prepared on the going concern basis. Also see Note 30 (Capital management) and 32.3 (Liquidity risk).

3.2 Impairment of non-financial assets (Note 2.15, 5, 7)

Impairment tests are undertaken on the basis of the smallest identifiable group of assets (cash-generating unit), or individual assets, for which there are largely independent cash inflows. The key assumptions used to determine the different cash-generating units involves significant judgment from management. In general, each subsidiary and manufacturing plant were considered as separate CGUs.

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's or CGU's fair value less costs of disposal and its value in use. 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 groups 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.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on the most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss.

Goodwill is tested for impairment annually as at 31 December and when circumstances indicate that the carrying value may be impaired.

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3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

3.2 Impairment of non-financial assets (Note 2.15, 5, 7) (continued)

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 recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

The sensitivity analyses are 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. Management of the company has considered and assessed reasonably possible changes for input to the sensitivity analysis and other key assumptions and has not identified any instances that could cause the carrying amount of the CGU to exceed its recoverable amount because the impairment assessment has a large headroom.

3.3 Impairment of financial assets (Note 2.4, 9, 32.2)

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

3.4 Impairment of inventories (Note 8)

The Group determines its provision for near expiry, obsolete and slow-moving inventories based upon historical experience, current condition, and current and future expectations with respect to its use. The estimate of the Group's provision for inventory could change from period to period, which could be due to assessment of the future usage of inventories. The risk of impairment of inventories mainly arises from pharmaceutical segment as the pharmaceutical products are subject to expiry.

3.5 Defined benefit plan (Note 15)

The cost of the defined benefit plan and the present value of the obligation are determined using actuarial techniques. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and other factors.

Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases and pension increases are based on expected future inflation rates.

3.6 Zakat and income tax

The Company and its wholly owned subsidiaries are subject to zakat in accordance with the regulations of the ZATCA. A provision for zakat and income tax is estimated at the end of each reporting period in accordance with the regulations of the ZATCA and on a yearly basis zakat and income tax returns are submitted to the ZATCA. Differences, if any, at the finalization of final assessments are accounted for when such amounts are determined.

3.7 Right-of-use assets and lease liabilities

Extension and termination options are included in a number of leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate (IBR) is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

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4 STANDARDS, INTERPRETATIONS AND AMENDMENTS

New and amended standards and interpretations

Following are the standards and amendments effective on 1 January 2025 or after (unless otherwise stated) and do not have a material impact on the Group's financial statements. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IAS 21 - Lack of exchangeability

For annual reporting periods beginning on or after 1 January 2025, Lack of Exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendment did not have a material impact on the Group's financial statements.

4.1 Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The adoption of these standards and interpretations is not expected to have any material impact on the Group on the effective date.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

The standard requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and it also includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes. In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards. IFRS 18, and the amendments to the other standards, are effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

The group is in the process of enhancing its systems and allocating resources to align with the classification and disclosure requirements of IFRS 18, ensuring it readiness to apply IFRS 18 on effective date.

Other Standard, Amendment or Interpretation which will not have any impact on the Company's financial statements.

<u>Standard, Amendment or Interpretation</u>	<u>Effective date</u>
IFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to the Classification and Measurement of Financial Instruments— Amendments to IFRS 9 and IFRS 7	1 January 2026
Annual Improvements to IFRS Accounting Standards - Volume 11	1 January 2026
Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7	1 January 2026

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5 PROPERTY, PLANT AND EQUIPMENT

2025	Land and buildings	Leasehold improvements	Machinery and Equipment	Furniture, fixtures and office equipment	Vehicles	Work in progress	Total
<i>Cost:</i>							
Opening balance	547,310,004	27,417,845	792,964,898	98,082,019	34,862,417	222,730,581	1,723,367,764
Additions	30,097,214	187,680	34,731,297	10,631,648	2,276,219	94,677,164	172,601,222
Impact of hyperinflation on cost (Note 24.3)	(2,668,738)	(71,912)	4,530,775	572,188	(28,613)	577,336	2,911,036
Transfers	4,251,287	-	8,284,014	793,782	730,250	(14,059,333)	-
Disposals	(4,182,211)	(15,509)	(10,919,227)	(1,716,031)	(3,011,534)	-	(19,844,512)
Exchange differences	(3,732,491)	(164,023)	(1,338,050)	(267,987)	(25,232)	(258,022)	(5,785,805)
Closing balance	571,075,065	27,354,081	828,253,707	108,095,619	34,803,507	303,667,726	1,873,249,705
<i>Accumulated depreciation and impairment loss:</i>							
Opening balance	261,459,770	13,212,101	524,697,055	73,173,092	26,347,029	6,076,666	904,965,713
Charges for the year	20,126,962	1,553,676	43,639,006	8,481,357	3,642,362	-	77,443,363
Impact of hyperinflation on accumulated depreciation (Note 24.3)	3,049,620	(22,206)	3,758,129	431,194	(602,648)	315,124	6,929,213
Disposals	(770,235)	(12,665)	(10,158,908)	(1,644,015)	(2,591,752)	-	(15,177,575)
Exchange differences	(5,273,340)	(18,136)	(1,055,008)	(267,897)	(10,500)	348,060	(6,276,821)
Closing balance	278,592,777	14,712,770	560,880,274	80,173,731	26,784,491	6,739,850	967,883,893
<i>Net book value:</i>							
31 December 2025	292,482,288	12,641,311	267,373,433	27,921,888	8,019,016	296,927,876	905,365,812

As at 31 December 2025:

- The land and buildings include land amounting to SR 41.4 million (2024: SR 40.4 million).
- ROU net book value was SR 47.6 million (2024: 36.6 million) which includes buildings of SR 46.8m (2024: SR 35.6m) and vehicles of SR 0.8m (2024: SR 1m). See Note 6.
- Work in progress as at 31 December 2025 includes SR 192.2 million related to the new headquarters and the remaining SR 104.7 million relates to the development and enhancement works in various factories across segments. Subsequent to the year end, the new headquarters was completed and capitalized. The management expects the remaining work in progress to be completed within a year.

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5 PROPERTY, PLANT AND EQUIPMENT (continued)

	<i>Land and buildings</i>	<i>Leasehold improvements</i>	<i>Machinery and equipment</i>	<i>Furniture, Fixtures and office equipment</i>	<i>Vehicles</i>	<i>Work in progress</i>	<i>Total</i>
<i>2024</i>							
<i>Cost:</i>							
Opening balance	608,653,511	27,626,771	906,287,607	99,621,942	38,546,707	59,032,061	1,739,768,599
Additions	11,806,725	2,276,831	37,953,449	10,281,421	3,822,580	190,228,816	256,369,822
Impact of hyperinflation on cost (Note 24.3)	435,687	12,946	5,008,981	579,557	(301,706)	484,180	6,219,645
Transfers	5,840,777	44,550	10,973,066	1,681,771	137,829	(18,677,993)	-
Disposals	(2,234,231)	(1,647,275)	(20,055,867)	(8,629,935)	(2,206,432)	(505,617)	(35,279,357)
Disposal of a subsidiary (note 33)	(25,259,822)	(703,043)	(121,571,798)	(1,598,943)	(2,537,399)	(1,968,653)	(153,639,658)
Exchange differences	(51,932,643)	(192,935)	(25,630,540)	(3,853,794)	(2,599,162)	(5,862,213)	(90,071,287)
Closing balance	<u>547,310,004</u>	<u>27,417,845</u>	<u>792,964,898</u>	<u>98,082,019</u>	<u>34,862,417</u>	<u>222,730,581</u>	<u>1,723,367,764</u>
<i>Accumulated depreciation and impairment loss:</i>							
Opening balance	300,002,531	13,391,094	554,624,059	78,496,891	30,543,781	6,494,849	983,553,205
Charges for the year	18,608,725	1,528,166	43,036,441	7,669,587	3,000,595	-	73,843,514
Impact of hyperinflation on accumulated depreciation (Note 24.3)	(591,389)	7,582	3,849,465	503,937	(482,073)	-	3,287,522
Disposals	(1,176,252)	(1,469,013)	(19,102,687)	(8,479,980)	(2,530,358)	-	(32,758,290)
Disposal of a subsidiary (note 33)	(5,754,779)	(149,478)	(31,328,048)	(1,156,886)	(1,999,372)	-	(40,388,563)
Exchange differences	(49,629,066)	(96,250)	(26,382,175)	(3,860,457)	(2,185,544)	(418,183)	(82,571,675)
Closing balance	<u>261,459,770</u>	<u>13,212,101</u>	<u>524,697,055</u>	<u>73,173,092</u>	<u>26,347,029</u>	<u>6,076,666</u>	<u>904,965,713</u>
<i>Net book value:</i>							
31 December 2024	<u>285,850,234</u>	<u>14,205,744</u>	<u>268,267,843</u>	<u>24,908,927</u>	<u>8,515,388</u>	<u>216,653,915</u>	<u>818,402,051</u>

As at 31 December 2024:

- The land and buildings include land amounting to SR 40.4 million (2023: SR 40.66 million).
- ROU net book value was SR 36.6 million (2023: 40.38 million) which includes buildings of SR 35.6m (2023: SR 39.4m) and vehicles of SR 1m (2023: SR 0.9m). See Note 6.
- Exchange differences mainly arise from TPCL Sudan and AstraNova Turkey. See Note 24.2.
- Work in progress as at 31 December 2024 relates to the development and enhancement works in various factories across segments and the works being done on the building in Riyadh, Kingdom of Saudi Arabia, where the Group is planning to have their new headquarters in. The management expects that the work in progress will be completed within a year.

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6 RIGHT-OF-USE ASSETS AND LEASES

The Group holds various properties and vehicles on lease. Rental contracts period after considering extension options reach between 2 to 22 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

6.1 The consolidated statement of financial position included the following amounts relating to leases:

	<i>31 December 2025</i>	<i>31 December 2024</i>
Right-of-use assets		
Land and buildings	46,815,481	35,591,063
Vehicles	800,087	1,048,605
	<u>47,615,568</u>	<u>36,639,668</u>
Lease liabilities		
Non-current	44,072,858	35,189,243
Current	6,592,086	5,623,537
	<u>50,664,944</u>	<u>40,812,780</u>

Right-of-use assets and lease liabilities were included in the line item “Property, plant and equipment (note 5)” and “Loans and lease liabilities (note 14)”, respectively, in the consolidated statement of financial position. Also refer to note 26 for additional details about right-of-use assets.

6.2 The consolidated statement of profit or loss included the following amounts related to leases:

	<i>2025</i>	<i>2024</i>
Depreciation charge of right-of-use assets	7,487,900	5,720,327
Interest expense (included in finance costs)	3,605,657	2,379,023
	<u>11,093,557</u>	<u>8,099,350</u>

6.3 Additions in right-of-use assets amounted to SR 20 million during the year ended 31 December 2025 (SR 4 million during the year ended 31 December 2024). Disposals in right-of-use assets amounted to SR 2.8 million during the year ended 31 December 2025 (SR 172k during the year ended 31 December 2024). The total cash outflow for leases during the year ended 31 December 2025 amounted to SR 13.8 million (2024: SR 7.7 million).

6.4 The contractual maturities of lease liabilities (undiscounted basis) are as follows:

	<i>2025</i>	<i>2024</i>
Less than one year	7,359,570	10,755,471
More than one year	69,656,693	45,854,255
	<u>77,016,263</u>	<u>56,609,726</u>

6.5 Short-term leases expense for the year amounted to SR 16.5 million (2024: SR 17.3 million).

6.6 The future minimum lease payments have been discounted, using an effective interest rate of approximately 3% to 5% per annum, to its present value.

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7 INTANGIBLE ASSETS INCLUDING GOODWILL

	<i>Note</i>	<i>2025</i>	<i>2024</i>
Software and licenses	7.2	36,994,086	29,091,366
Customer's relationship	7.3	17,683,146	18,267,067
		54,677,232	47,358,433

7.1 Goodwill

	<i>2025</i>	<i>2024</i>
Cost	57,340,583	53,659,552
Accumulated impairment	(25,206,754)	(25,206,754)
Net book value	32,133,829	28,452,798

During September 2022, Astra Chem, a wholly owned subsidiary, signed a purchase agreement to acquire 100% shares of Agrostulln GmbH located in Stulln, Bavaria in Federal Republic of Germany, goodwill arose as a result of this transaction. The Group performed its annual impairment test in 2025. The recoverable amount of this CGU is determined based on value-in-use calculations. These calculations use cash flow projections which are based on financial budgets approved by management covering a five-year period as well as the factors used in computing terminal value. The impairment test indicated no impairment charge because there was a large headroom.

The key assumptions used for value-in-use calculations for impairment as at 31 December 2025 were as follows:

	<i>Agrostulln GmbH Germany</i>
Revenue growth rate (average)	5%
Discount rate	7%
Terminal growth rate	1.04%

7.2 Software and licenses

	<i>2025</i>	<i>2024</i>
Cost		
Opening balance	82,062,021	74,259,520
Additions for the year	8,304,511	6,129,810
Impact of hyperinflation on cost (Note 24.3)	4,486,148	4,005,638
Exchange differences	(1,682,509)	(2,332,947)
Closing balance	93,170,171	82,062,021
Amortization		
Opening balance	52,970,655	49,097,174
Amortization for the year	2,353,205	4,199,016
Impact of hyperinflation on cost (Note 24.3)	1,752,727	1,699,644
Exchange differences	(900,502)	(2,025,179)
Closing balance	56,176,085	52,970,655
Net book value	36,994,086	29,091,366

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7 INTANGIBLE ASSETS (continued)

7.3 Customers relationship

	<i>2025</i>	<i>2024</i>
Cost		
Opening balance	24,841,206	26,325,869
Exchange differences	3,213,786	(1,484,664)
Closing balance	28,054,992	24,841,205
Amortization		
Opening balance	6,574,138	3,227,635
Exchange differences	958,139	431,498
Provided during the year	2,839,569	2,915,005
Closing balance	10,371,846	6,574,138
Net book value	17,683,146	18,267,067

8 INVENTORIES

	<i>2025</i>	<i>2024</i>
Raw and packing materials	333,071,346	328,410,973
Finished goods	365,425,962	305,777,382
Work-in-process	38,278,133	53,198,599
Goods in transit	7,762,049	16,382,328
Consumables	34,859,944	32,792,519
	779,397,434	736,561,801
Provision for near expiry, obsolete and slow - moving inventories. (Note 8.1)	(48,076,876)	(50,411,768)
	731,320,558	686,150,033

8.1 Provision for near expiry, obsolete and slow-moving inventories movement:

	<i>Note</i>	<i>2025</i>	<i>2024</i>
Opening balance		50,411,768	59,761,078
Provision for the year	21	30,714,874	23,258,296
Disposal of a subsidiary		-	(173,078)
Write-offs during the year	35	(33,501,572)	(27,024,028)
Exchange differences	35	451,806	(5,410,500)
Closing balance		48,076,876	50,411,768

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9 TRADE AND OTHER RECEIVABLES (also see note 32.2.1.3)

	<i>2025</i>	<i>2024</i>
Not yet past due	883,898,727	976,922,011
Past due	235,665,665	251,826,267
	1,119,564,392	1,228,748,278
Provision for impairment	(109,538,799)	(107,882,496)
	1,010,025,593	1,120,865,782
Provision to trade receivables coverage ratio	10%	9%
Provision to past due trade receivables coverage ratio	41%	39%

9.1 As at 31 December 2025, trade receivables include retention receivables of SR 67.16 million (2024: SR 59.15 million) and contract assets (unbilled receivables) of SR 88.5 million (2024: SR 58.5 million).

9.2 Movements in the provision for impairment of trade and other receivables was as follows:

	<i>Note</i>	<i>2025</i>	<i>2024</i>
Opening balance		107,882,496	110,016,915
Provision for the year		21,943,772	19,317,168
Write-offs during the year	35	(20,190,891)	(15,692,111)
Exchange differences	35	(96,578)	(5,383,145)
Disposal of a subsidiary	33	-	(376,331)
Closing balance		109,538,799	107,882,496

9.3 Movement in contract assets and contract liabilities were as follows:

Contract assets (unbilled receivables)

	<i>2025</i>	<i>2024</i>
Opening balance	58,547,382	100,435,303
Transfers from contract assets recognised at the beginning of the year to receivables	(30,063,321)	(73,022,596)
Increases as a result of changes in the measure of progress	60,005,989	31,134,675
	88,490,050	58,547,382

Contract liabilities (deferred revenue / customer advances) (Note 17)

	<i>2025</i>	<i>2024</i>
Opening balance	148,191,788	131,570,566
Revenue recognised that was included in the contract liability balance at the beginning of the period	(102,350,407)	(107,523,018)
Increases due to cash received, excluding amounts recognized as revenue during the period	45,893,017	124,144,240
	91,734,398	148,191,788

Majority of the contract liabilities are expected to be recognised as revenues in the next financial year.

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10 RELATED PARTY TRANSACTIONS AND BALANCES

10.1 Significant transactions with related parties in the ordinary course of business included in the consolidated financial statements are summarized below:

<i>Related party</i>	<i>Relationship</i>	<i>Nature of transactions</i>	<i>2025</i>	<i>2024</i>
Al-Tanmiya Company for Steel Manufacturing	Unconsolidated subsidiary under liquidation	Net cash transferred	28,590,826	-
Prince Fahad Bin Sultan Hospital	Entity under common control	Sales	4,491,526	3,907,734
Astra Food Company – Commercial Branch	Entity under common control	Purchases	1,651,509	1,420,423
Nour Internet for Communications and Information Technology Company	Affiliate	Purchases	1,083,475	1,086,885
Astra Farms Company	Entity under common control	Sales	359,076	267,897
		Purchases	331,150	518,025
Astra Construction Company Ltd. (formerly Arab Supply and Trading Company (ASTRA) - construction branch)	Entity under common control	Sales	385,449	509,574

10.2 Key management personnel include directors and key executives at the Group level. Transactions with those are summarized below:

	<i>2025</i>	<i>2024</i>
Short-term employee benefits (salaries and other allowances)	36,266,662	36,233,140
Post-employment benefit (end-of-service benefits)	428,742	424,890
	36,695,404	36,658,030

10.3 Due from related parties comprises of the following:

	<i>2025</i>	<i>2024</i>
<i>Current assets - unsecured (recoverable in cash):</i>		
Prince Fahd Bin Sultan Hospital (entity under common control)	1,909,685	895,752
Astra Farms Company (entity under common control)	328,662	194,589
Arab Supply and Trading Company (ASTRA) - construction branch	-	2,767
	2,238,347	1,093,108

10.4 Due to related parties comprises of the following:

	<i>2025</i>	<i>2024</i>
<i>Current liabilities – unsecured (payable in cash):</i>		
Nour Internet for Communications and Information Technology Company (affiliate)	361,830	361,830
Al-Tanmiya Company for Steel Manufacturing (unconsolidated subsidiary)	40,279,229	-
Al maseera (shareholder in unconsolidated subsidiary)	-	29,330,714
Other	470,204	287,192
	41,111,263	29,979,736

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11 PREPAYMENTS AND OTHER CURRENT ASSETS

	<i>2025</i>	<i>2024</i>
<i>Financial assets</i>		
Refundable deposits	2,355,876	7,313,232
Restricted bank balances	29,365	143,644
Consideration receivable	-	37,500,000
	2,385,241	44,956,876
<i>Non-financial assets</i>		
Advances to suppliers	27,589,923	21,979,434
Prepaid expenses	27,952,801	35,958,247
Value-added tax and other prepaid taxes	19,605,088	17,856,027
Advances to employees (Note 11.1)	5,379,386	4,309,915
Other	4,190,074	2,212,782
	84,717,272	82,316,405
	87,102,513	127,273,281

11.1 The advances to employees are secured against employee defined benefit liabilities.

12 SHORT TERM INVESTMENT AT AMORTIZED COST

As at 31 December 2025 and 31 December 2024, the amount represents investment in term deposits with a maturity of more than three months from the date of the investment. The Group classified these investments at amortized cost as they pass solely payment of principal and interest (SPPI) based on the business model prepared by the Group.

13 CASH AND CASH EQUIVALENTS

	<i>2025</i>	<i>2024</i>
Bank balances	46,575,737	46,621,664
Time deposit*	6,534,693	130,490,611
Cash in hand	1,269,985	933,831
	54,380,415	178,046,106

* This represents deposits of Murabaha investment with a maturity of three months or less. ECL allowance has been computed and the impact is not material.

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14 LOANS AND LEASE LIABILITIES

<u>2025</u>	<i>Current</i>	<i>Non-current</i>	<i>Total</i>
Short-term loans			
Murabaha	-	-	-
Conventional	141,780,186	-	141,780,186
	<u>141,780,186</u>	<u>-</u>	<u>141,780,186</u>
Long-term loans – Murabaha	10,625,695	25,753,518	36,379,213
Long-term loans – Conventional	-	4,046,393	4,046,393
	<u>10,625,695</u>	<u>29,799,911</u>	<u>40,425,606</u>
	<u>152,405,881</u>	<u>29,799,911</u>	<u>182,205,792</u>
Lease liabilities	6,592,086	44,072,858	50,664,944
	<u>158,997,967</u>	<u>73,872,769</u>	<u>232,870,736</u>

<u>2024</u>	<i>Current</i>	<i>Non-current</i>	<i>Total</i>
Short-term loans			
Murabaha	200,447,663	-	200,447,663
Conventional	152,825,636	-	152,825,636
	<u>353,273,299</u>	<u>-</u>	<u>353,273,299</u>
Long-term loans - Murabaha	81,004,594	33,013,781	114,018,375
Long-term loans - Conventional	1,216,119	6,335,620	7,551,739
	<u>82,220,713</u>	<u>39,349,401</u>	<u>121,570,114</u>
	<u>435,494,012</u>	<u>39,349,401</u>	<u>474,843,413</u>
Lease liabilities	5,623,537	35,189,243	40,812,780
	<u>441,117,549</u>	<u>74,538,644</u>	<u>515,656,193</u>

14.1 Movement of loans were as follows:

<u>2025</u>	<i>Short-term loans</i>	<i>Long-term loans</i>	<i>Total</i>
Opening balance	353,273,299	121,570,114	474,843,413
Receipts	917,411,200	14,020,294	931,431,494
Repayments	(1,128,904,313)	(95,164,802)	(1,224,069,115)
Closing balance	<u>141,780,186</u>	<u>40,425,606</u>	<u>182,205,792</u>

<u>2024</u>	<i>Short-term loans</i>	<i>Long-term loans</i>	<i>Total</i>
Opening balance	733,055,454	194,862,343	927,917,797
Receipts	4,725,765,038	15,819,000	4,741,584,038
Repayments	(4,975,997,193)	(89,111,229)	(5,065,108,422)
Disposal of a subsidiary	(129,550,000)	-	(129,550,000)
Closing balance	<u>353,273,299</u>	<u>121,570,114</u>	<u>474,843,413</u>

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14 LOANS AND LEASE LIABILITIES (continued)

14.2 Short-term loans

The Group has bank facilities in the form of Murabaha, short-term tawarruq and other conventional credit facilities to meet the working capital requirements. As at 31 December 2025, facilities amounting to SR 2.67 billion were undrawn (31 December 2024: SR 2.51 billion). The facilities bear special commission at prevailing market rates which are mostly based on Saudi Arabian Interbank Offered Rate (SAIBOR) and denominated in Saudi Riyals. These facilities are secured by corporate guarantees from AIG.

14.3 Long-term loans

The Group also have long-term loan facilities with banks to finance its capital assets. As at 31 December 2025 an amount of SR 64.3 million was undrawn (31 December 2024: SR 43.6 million). These facilities are secured by corporate guarantees from AIG and bear special commission charges at agreed fixed rates. The facilities are denominated in foreign currencies (mainly Euro) and repayable within five years through monthly and quarterly equal installments from the date these facilities were availed. These facilities are secured by corporate guarantees from AIG

14.4 Movement of lease liabilities were as follows:

	<i>2025</i>	<i>2024</i>
Opening balance	40,812,780	43,447,568
Additions	20,059,451	4,005,755
Finance cost	1,968,713	2,379,022
Disposal of a subsidiary	-	(1,275,647)
Payments	(13,811,822)	(7,743,918)
	<hr/>	<hr/>
Balance as at 31 December	49,029,122	40,812,780
	<hr/>	<hr/>
Less: current portion	6,592,086	5,623,537
	<hr/>	<hr/>
Non-current portion	42,437,036	35,189,243
	<hr/>	<hr/>

Astra Industrial Group Company and Its Subsidiaries
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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15 EMPLOYEE DEFINED BENEFIT LIABILITIES

15.1 Reconciliation of present value of liability

	<i>2025</i>	<i>2024</i>
Opening balance	157,378,526	145,042,012
<i>Amount recognised in the consolidated statement of profit or loss</i>		
Current service costs	16,805,299	15,471,111
Interest cost on benefit obligation	7,658,750	7,389,504
	24,464,049	22,860,615
<i>Amount recognised in the consolidated statement of other comprehensive income</i>		
Actuarial loss attributable to:		
Shareholders of the Parent	3,298,031	2,261,560
Non-controlling interests	-	(9,000)
	3,298,031	2,252,560
Benefits paid	(15,405,231)	(10,613,136)
Disposal of a subsidiary (note 33)	-	(2,163,525)
Closing balance	169,735,375	157,378,526

15.2 The significant actuarial assumptions used in determining employees' end-of-service benefits liability are shown below:

	<i>2025</i>	<i>2024</i>
Discount rate	4.80%	5.25%
Future salary increment rate	2.10%	2.10%
Retirement age	60 years	60 years

15.3 The maturity profile of the obligation

	<i>2025</i>	<i>2024</i>
Less than 1 year	16,175,058	16,064,492
1 year to 5 years	91,599,909	88,560,162
More than 5 years	102,764,886	103,119,294
	210,539,853	207,743,948

15.4 The weighted average duration of the plan was 7 years as at 31 December 2025 and 2024.

15.5 Sensitivity analysis on significant actuarial assumptions of employees' defined benefits liabilities:

	<i>2025</i>	<i>2024</i>
Discount rate + 0.5%	(6,807,817)	(5,271,159)
Discount rate - 0.5%	4,894,142	5,562,375
Long-term salary + 0.5%	3,670,573	4,426,902
Long-term salary - 0.5%	(5,712,746)	(4,254,073)

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16 TRADE PAYABLES

	<i>2025</i>	<i>2024</i>
Trade payables	<u>273,121,674</u>	<u>236,009,029</u>

Trade payables are non-interest bearing and are normally settled within 90 days terms.

17 ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	<i>2025</i>	<i>2024</i>
Financial liabilities		
Sales commission and promotional expenses	137,199,391	137,763,126
Accrued expenses	151,972,841	131,546,706
Other	23,805,741	48,965,558
	<u>312,977,973</u>	<u>318,275,390</u>
Non-financial liabilities		
Contract liabilities (Note 9.3)	91,734,398	148,191,788
Employees' benefits	167,293,405	235,406,273
Contract liabilities - expected sales returns	67,261,148	60,214,842
	<u>326,288,951</u>	<u>443,812,903</u>
	<u>639,266,924</u>	<u>762,088,293</u>

18 ZAKAT AND INCOME TAX

18.1 Zakat and current income tax expense for the year

	<i>Note</i>	<i>2025</i>	<i>2024</i>
Zakat charge for the year		47,655,285	61,358,558
Current income tax charge for the year		15,939,271	14,088,786
	18.2	<u>63,594,556</u>	<u>75,447,344</u>

18.2 Movement of zakat and current income tax was as follows:

	<i>Note</i>	<i>2025</i>	<i>2024</i>
Opening balance		89,930,576	69,853,516
Charge for the year	18.1	63,594,556	75,447,344
Paid during the year		(50,363,408)	(54,235,415)
Foreign exchange (loss)		(1,326,833)	(961,791)
Disposal of a subsidiary	33	-	(173,078)
Unconsolidation of a subsidiary	34	(439,948)	-
Closing balance		<u>101,394,943</u>	<u>89,930,576</u>

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18 ZAKAT AND INCOME TAX (continued)

18.3 Status of assessments

The Company and its wholly-owned subsidiaries have submitted their consolidated zakat returns up to 31 December 2024 and have received the corresponding zakat certificates. Assessments with the Zakat, Tax, and Custom Authority (ZATCA) have been finalized for all periods up to 31 December 2018. During August 2024, ZATCA has issued assessments for the years ended 31 December 2019 and 2020, with an additional zakat liability of SR 25.7 million. The Company has accepted and paid partial amount of SR 10 million and contested for the remaining amount of SR 15.7 million. Initial appeal was filed to ZATCA in October 2024. The appeal got rejected by ZATCA in January 2025. The Company has filed a second level appeal to General Secretariat of the Tax Committees (GSTC) in January 2025. The matter is now pending with GSTC.

Further, during the year, ZATCA has issued assessments for the years ended 31 December 2021 and 2022, with an additional zakat liability of SR 26.4 million. The Company has accepted and paid the partial amount of SR 13.9 million and has contested for the remaining amount of SR 12.8 million. The appeal got rejected by ZATCA in September 2025. The Company has filed a second level appeal to General Secretariat of the Tax Committees (GSTC) in October 2025. The matter is now pending with GSTC.

Based on the Group's assessment, it is not anticipated that any material liabilities, other than currently recognized, will be incurred as a result of outstanding assessments.

18.4 Deferred tax asset amount to SR 12.7 million (2024: SR 6.16 million) which include of SR 1.5 million (2024: SR 324k) related to TPMC Algeria, where the entity suffered losses in prior years and those losses would be deductible from future taxable profits.

18.5 Deferred tax liability amounting SR 5.5 million (2024: SR 6.05 million) is related to Agrosulln GmbH.

In October 2021, more than 135 countries and jurisdictions, including the Kingdom of Saudi Arabia, joined a two-pillar solution to reform the international taxation rules developed by the Organisation for Economic Co-operation and Development (OECD), in response to the challenges of digitalization of the economy, and ensure that multinational enterprises pay a fair share of tax wherever they operate and generate profits.

Pillar 2 rules, a part of the two-pillar solution, provide for a global minimum tax of 15% applicable to multinational enterprise groups (with a global turnover of EUR 750 million or more) on income generated in each jurisdiction in which a multinational entity operates. In implementation of Pillar 2, each country shall enact the rules into its local legislation. Several countries have enacted Pillar 2 related laws, and some of which became effective beginning of 2024, and others enter into force from 2025.

As of the date of issuance of these financial statements, the Kingdom of Saudi Arabia and other countries where the Group operates has not officially announced plans to implement the Pillar 2, but other countries where the Group operates have announced the introduction of Pillar 2 as United Arab Emirates, Qatar, Oman, Turkey, and Germany.

The Group is headquartered in the KSA and is within the scope of the OECD BEPS Pillar Two Global Anti-Base Erosion Model Rules (GloBE Rules). The Group has operations in countries where Pillar Two legislation are in effect during 2025, accordingly the Group has estimated a tax exposure that is not significant to the consolidated financial statements. The Group continues to monitor the legislative activity and potential impact of Pillar Two on its future financial performance.

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19 SHARE CAPITAL

The authorized, issued and paid-up share capital of the Company as at 31 December 2025 comprises of 80,000,000 shares (31 December 2024: 80,000,000 shares) of SR 10 each. The share capital is held as follows:

	<i>2025</i>	<i>2024</i>
Saudi founding shareholders*	52.7%	55.30%
Public	47.30%	44.70%
	100.00%	100.00%

* This include Arab Supply and Trading Company, Saudi Arabia which holds 47.14% (2024: 47.14%), where the major shareholders are Mr. Sabih Tahir Darwesh Masri and Mr. Khaled Sabih Tahir Darwesh Masri (ultimate controlling persons).

20 STATUTORY RESERVE

The General Assembly in its extraordinary meeting held on 18 Thul-Hijjah 1445H (corresponding to 24 June 2024) approved the amendment in Astra Industrial Group bylaws to transfer the statutory reserve balance of SR 406,568,677 to retained earnings.

21 COST OF REVENUES

	<i>Note</i>	<i>2025</i>	<i>2024</i>
Material costs		1,068,137,877	1,112,435,246
Employees' salaries and benefits		273,875,132	274,129,732
Contracting and construction work		104,658,210	124,030,130
Depreciation and amortization		60,617,826	58,130,773
Provision for near expiry, obsolete and slow-moving inventory	8.1	30,714,874	23,258,296
Other overheads		118,662,369	127,984,983
		1,656,666,288	1,719,969,160

22 SELLING AND DISTRIBUTION EXPENSES

	<i>2025</i>	<i>2024</i>
Employees' salaries and benefits	209,032,931	202,195,734
Marketing, advertising and promotions	119,740,687	108,776,973
Distribution, travel and freight charges	44,328,913	43,579,725
Rent and utilities	10,163,663	10,940,693
Depreciation	6,575,877	9,505,703
Other	36,968,392	37,382,060
	426,810,463	412,380,888

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23 GENERAL AND ADMINISTRATIVE EXPENSES

	<i>2025</i>	<i>2024</i>
Employees' benefits	147,225,665	154,516,321
Professional fees	32,120,543	19,984,179
Rent, Insurance and utilities	13,176,702	13,849,125
Depreciation and amortization	8,958,996	8,557,621
Travel and transportation	5,920,546	5,625,504
Repair and maintenance	3,006,940	3,292,349
Board of Directors' remuneration	3,724,883	3,237,151
Other	15,185,563	14,517,536
	229,319,838	223,579,786

24 OTHER INCOME, NET

	<i>2025</i>	<i>2024</i>
Finance income	69,314,402	88,579,555
Reclassification of exchange loss from consolidated OCI to statement of income – Note 24.1	-	(7,927,591)
Foreign exchange loss – Note 24.2	(14,561,076)	(5,003,506)
Net monetary (loss) – Note 24.3	(4,329,309)	(1,454,435)
Other	205,759	507,325
	50,629,776	74,701,348

24.1 During 2024 the share capital of TPCL Sudan was reduced by SR 7.9 million. Therefore, the related foreign exchange loss was reclassified from OCI to the consolidated statement of profit or loss and was recognised as part of other income, net amounting to SR 7.9 million.

24.2 The exchange difference loss is mainly arising from Astra Nova Turkey.

24.3 Three of the subsidiaries of the Group, namely TPCL Sudan, Chemidor Turkey and AstraNova Turkey, operate in Sudan and Turkey, which continue to be a hyperinflationary economy. Based on the management assessment, the official exchange rate of Sudanese Pounds (SDG) 651.08 to SR 1 (2024: SDG 564.97 equal to SR 1) and Turkish Lira (TRY) 0.087 to SR 1 (2024: TRY 9.41 to SR 1) were considered as the closing foreign exchange rate and the related foreign operations translated at that rate. The financial statements of TPCL Sudan, Chemidor Turkey and AstraNova Turkey have been restated for the changes in the general purchasing power of the functional currency and, as a result, are stated in terms of the measuring unit current (i.e. consumer price index) at the end of the reporting period. Based on the management judgement, estimates and assessment of available information, the consumer price index used by TPCL Sudan at 31 December 2025 was 282,870 (2024: consumer price index of 245,819)., and consumer price index used by Chemidor Turkey and AstraNova Turkey was 3513.87 (2024: 2684.55).

25 EARNINGS PER SHARE

Basic and diluted, earnings per share

Basic earnings per share (EPS) is calculated by dividing the profit / loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is calculated by dividing the net profit attributable to ordinary equity holders of the parent (after adjusting interest on convertible shares, if any) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares, if any.

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25 EARNINGS PER SHARE (continued)

The following table reflects the income and weighted average number of ordinary shares used in the computations:

	<i>2025</i>	<i>2024</i>
Income attributable to shareholders of the Parent	666,812,348	589,340,930
Weighted average number of ordinary shares	80,000,000	80,000,000
	<hr/>	<hr/>
Basic and diluted, earning per share	8.34	7.37
	<hr/> <hr/>	<hr/> <hr/>

26 SEGMENT REPORTING

26.1 A segment is a distinguishable component of the Group that is engaged either in providing products or services (a business segment) or in providing products or services within a particular economic environment (a geographic segment), which is subject to risks and rewards that are different from those of other segments.

For management purposes, the Group was organised into business units based on their products and services and has the following reportable segments:

Pharmaceuticals

Pharmaceuticals' segment, which develops, manufactures, markets and distributes branded generic pharmaceuticals and under-licensed products globally.

Specialty chemical

Specialty chemical segment, which produces Masterbatch, dust-free additives and custom-made thermoplastic compounds plus liquid and paste colorants for polymer manufacturing, polymer converting and plastics processing industries in addition with manufacturing, importing and distributing a range of agrochemicals, fertilizers, public health and veterinary pesticides, seeds and other agricultural inputs.

Steel

Steel segment, which produces steel billets, pre-engineered steel buildings and steel structures and rebar.

Other

Other segment is the residual segment and comprises of Astra Industrial Group Holding Company, Astra Arabia Real Estate Company and Desert Pearl Invest Limited.

No operating segments have been aggregated to form the above reportable operating segments.

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26 SEGMENT REPORTING (continued)

26.2 The Group's Executive Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss for each segment.

The Group's consolidated financial information by business segments, were as follows:

	<i>Pharmaceuticals</i>	<i>Specialty chemical</i>	<i>Steel industries</i>	<i>Other</i>	<i>Total</i>
31 December 2025					
Property, plant and equipment other than ROU assets	412,767,015	176,355,235	76,292,117	192,335,879	857,750,246
Right of use assets	20,449,188	26,313,137	853,241	-	47,615,566
Trade and other receivables	508,196,495	366,135,274	245,232,623	-	1,119,564,392
Provision for impairment of trade receivables	(20,629,417)	(55,949,542)	(32,959,840)	-	(109,538,799)
Trade receivables net	487,567,078	310,185,732	212,272,783	-	1,010,025,593
Total assets	1,391,632,769	914,270,495	379,188,851	1,739,387,489	4,424,479,604
Total liabilities	694,731,062	388,043,259	252,207,109	128,015,965	1,462,997,395
31 December 2024					
Property, plant and equipment other than ROU assets	368,882,416	174,848,517	75,361,629	162,669,821	781,762,383
Right of use assets	22,271,939	13,288,978	1,078,751	-	36,639,668
Trade receivables	590,145,925	332,520,555	306,081,798	-	1,228,748,278
Provision for impairment of trade receivables	(37,315,548)	(44,392,181)	(26,174,767)	-	(107,882,496)
Trade receivables net	552,830,377	288,128,374	279,907,031	-	1,120,865,782
Total assets	1,312,509,664	903,730,941	574,104,986	1,537,716,597	4,328,062,188
Total liabilities	734,554,662	482,509,536	480,852,178	99,177,105	1,797,093,481

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26 SEGMENT REPORTING (continued)

26.2 The Group's Executive Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss for each segment. (continued)

	<i>Pharmaceuticals</i>	<i>Specialty chemical</i>	<i>Steel industries</i>	<i>Other</i>	<i>Total</i>
<i>For the year ended 31 December 2025</i>					
Revenue from sale of goods	1,522,077,306	846,350,240	439,792,464	-	2,808,220,010
Revenue from rendering of services	23,008,737	149,188,632	90,309,338	-	262,506,707
Total revenue	1,545,086,043	995,538,872	530,101,802	-	3,070,726,717
Gross profit	976,889,055	317,232,927	119,938,447	-	1,414,060,429
Depreciation and amortization	(50,323,710)	(21,977,287)	(9,615,352)	(719,788)	(82,636,137)
Finance costs	(20,873,680)	(22,965,138)	(4,580,416)	(2,422,277)	(50,841,511)
Income / (loss) before zakat and tax	473,725,089	97,007,662	111,438,186	38,499,032	720,669,969
	<i>Pharmaceuti- Cals</i>	<i>Specialty chemical</i>	<i>Steel industries</i>	<i>Other</i>	<i>Total</i>
<i>For the year ended 31 December 2024</i>					
Revenue from sale of goods	1,387,357,945	798,116,412	388,516,044	-	2,573,990,401
Revenue from rendering of services	66,579,738	248,568,245	173,122,893	-	488,270,876
Total revenue	1,453,937,683	1,046,684,657	561,638,937	-	3,062,261,277
Gross profit	920,108,452	337,628,372	84,555,293	-	1,342,292,117
Depreciation and amortization	(49,755,104)	(20,073,597)	(9,183,416)	(1,945,418)	(80,957,535)
Finance costs	(24,087,722)	(56,891,743)	(11,148,403)	(15,137,910)	(107,265,778)
Income before zakat and tax	433,498,999	111,664,893	47,177,996	33,570,037	625,911,925

26.3 The Group's operations are conducted principally in Saudi Arabia, in addition to Iraq, Africa, Turkey, Sudan and other areas. Selected financial information as at and for the year ended 31 December by geographic area were as follows:

	<i>Kingdom of Saudi Arabia</i>	<i>Republic of Iraq</i>	<i>Africa</i>	<i>Turkey</i>	<i>Sudan (Note 24.1)</i>	<i>Other areas</i>	<i>Total</i>
<i>2025</i>							
Revenues	2,159,432,417	77,159,442	285,074,238	115,179,477	10,549,751	423,331,392	3,070,726,717
Non-current assets*	759,019,722	-	58,858,004	40,826,865	75,454	133,396,828	992,176,873
<i>2024</i>							
Revenue	2,157,849,143	78,690,505	255,120,166	153,131,363	21,055,843	396,414,257	3,062,261,277
Non-current assets*	684,809,761	-	59,519,577	33,716,586	88,318	116,079,040	894,213,282

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26 SEGMENT REPORTING (continued)

* The non-current assets included above do not include investment at amortized cost of SR 641.1 million (2024: SR 646.6 million), investment at fair value through other comprehensive income of SR 750.66 million (2024: nil), deferred tax asset of SR 12.7 million (2024: SR 6.16 million) and investment in an unconsolidated subsidiary of SR 39.9 million (2024: nil).

26.4 The Group's majority of the revenue was recognized at point in time. For limited number of contracts in IBSF, one of the subsidiaries operating in steel industry, service revenue amounting to SR 90.3 million for the year ended 31 December 2025 (2024: SR 173.1 million) was recognised over the period of time based on work certified. In general, the agreed performance period for such contracts were up to one year. IBSF provides assurance type warranty, where the company provide assurance that the product will function as expected. There was no history of warranty claims and there were no expectations that such claims will arise therefore, no provision was recognised (also see Note 2.6 to these consolidated financial statements).

26.5 In the pharmaceutical and specialty chemical segments, there are few contracts where the Group provides toll manufacturing services to the customers i.e the Group receives the goods from Principal and after processing either returns the goods to the Principal or sell to the customers as per the Principal instructions. For such services, the Group acts as an Agent and accordingly recognised the net amount as service revenue.

27 BANK GUARANTIES

As at 31 December 2025, the Group had contingent liabilities arising in the normal course of business. The Group's bankers have issued letters of credit amounting to SR 88.9 million (31 December 2024: 104.9 million) and letters of guarantee amounting to SR 269.8 million (31 December 2024: SR 288.5 million).

28 COMMITMENTS

The Group in the normal course of business has entered into arrangements with suppliers for the purchase of machines and equipment and other services. The capital commitments at 31 December 2025 amounted to SR 175.3 million (31 December 2024: SR 49.6 million).

29 NON-CONTROLLING INTERESTS

Accumulated non-controlling interests as at the financial position date were as follows:

Entity	Note	2025	2024
Tanmiya	(a)	-	7,402,075
Other		(508,473)	(239,446)
		<u>(508,473)</u>	<u>7,162,629</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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29 NON-CONTROLLING INTERESTS (continued)

(a) Tanmiya functional and presentation currency is US Dollar. Financial information extracted from Tanmiya draft financial statements (converted to Saudi Riyals) was as follows:

	<i>2025*</i>	<i>2024</i>
Statement of financial position		
Cash and cash equivalents	-	79,737,319
Total current assets	-	117,260,343
Total non-current assets	-	-
	<u>-</u>	<u>117,260,343</u>
Total assets	-	117,260,343
	<u>-</u>	<u>117,260,343</u>
Current liabilities	-	96,111,558
Non-current liabilities	-	-
	<u>-</u>	<u>96,111,558</u>
Total liabilities	-	96,111,558
	<u>-</u>	<u>96,111,558</u>
Equity	-	21,148,785
	<u>-</u>	<u>21,148,785</u>
Statement of income		
Revenue	-	-
Depreciation	-	-
Income (loss) from operations	-	(705,278)
Finance costs	-	(67,504)
Other income	-	4,046,556
Total comprehensive income*	-	2,586,282
	<u>-</u>	<u>2,586,282</u>
Statement of cash flows		
Net cash used in operating activities	-	1,335,398
Net cash generated from investing activities	-	-
Net cash generated from financing activities	-	-

* Since Tanmiya is under liquidation and is no longer being consolidated, there is no non-controlling interest in the current year. For details, refer note 34.

30 CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and maintain an optimal capital structure to reduce the cost of capital. For capital management purposes, capital was considered as equal to the total equity of the Group.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2025 and 2024. At the consolidated statement of financial position date, gearing ratio analysis by the management was as follows:

	<i>2025</i>	<i>2024</i>
Equity	2,961,482,209	2,530,968,707
Liabilities	1,462,997,395	1,797,093,481
	<u>2,961,482,209</u>	<u>2,530,968,707</u>
Total capital structure	4,424,479,604	4,328,062,188
	<u>4,424,479,604</u>	<u>4,328,062,188</u>
Gearing ratio	33.07%	41.52%

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31 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

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

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

Valuation techniques

Management assessed that the fair values of current financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The non-current asset and financial liabilities carried at amortized cost and the related carrying amounts approximate to fair value. There have been no changes compared to prior year.

Based on the contractual cash flows criteria and business model, the Group's all financial assets, excluding cash and bank balances, and financial liabilities are classified at amortized cost. The breakdown of financial assets and liabilities as at the financial position date was as follows:

	<i>2025</i>	<i>2024</i>
Financial assets – non-current		
Investment at amortized cost *	641,115,028	646,602,430
Investment at fair value through other comprehensive income**	750,660,000	-
Financial assets – current		
Other current assets (Note 11)	2,385,241	44,956,876
Due from related parties	2,238,347	1,093,108
Trade and other receivables	1,010,025,593	1,120,865,782
Short-term investment at amortized cost	102,771,978	667,656,179
Cash and cash equivalents	54,380,415	178,046,106
Financial liabilities		
Non- current liabilities		
Loans and lease liabilities	73,872,769	74,538,644
Current liabilities		
Loans and lease liabilities	158,997,967	441,117,549
Trade payables	273,121,674	236,009,029
Due to related parties	41,111,263	29,979,736
Accrued expenses and other current liabilities (Note 17)	312,977,973	318,275,390

* In 2024, the Group made an investment of SR 655 million in quoted semi-annual government sukuks denoted in USD. These sukuks carry a fixed coupon rate of 5.25% and will be redeemed in 2030. These sukuks carry a credit rating of A+. The finance income recorded by the Group on these sukuks during the year amounts to SR 26,996,973 (2024: SR 7,680,115). The Group classified this investment at amortized cost as it passes solely payment of principal and interest (SPPI) based on the business model prepared by the Group.

** These include listed tier one sukuks, which are perpetual in nature. This investment was irrevocably designated at fair value through OCI. Fair value of these sukuks are determined by reference to published price quotations in an active market. Fair value of these sukuks as at 31 December 2025 was SR 751.07 million. It falls under level 1 category for the purpose of fair value measurement hierarchy.

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32 FINANCIAL RISK MANAGEMENT

The Group's activities are subject to financial risks such as market risk, credit risk and liquidity risk.

32.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk relevant to the Group are:

- Foreign currency exchange risk, and
- Commission (interest) rate risk

Financial instruments affected by market risk includes financial assets and liabilities.

32.1.1 Foreign currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's functional and reporting currency is the Saudi Riyal. The Group's transactions are mainly in Saudi Riyals and US Dollars, which are currently pegged. Management monitors the fluctuations in currency exchange rates and believes that the currency risk is not significant.

The net of financial assets and liabilities in multiple foreign currencies other than USD were less than SR 50 million which considered as insignificant. Therefore, the related sensitivities for each currency was not disclosed.

Foreign currency translation reserve as at financial position date was as follows:

Country of operations	<i>Note</i>	2025	2024
Sudan		(161,957)	112,156
Egypt	(a)	(19,330,982)	(19,661,734)
Other	(b)	12,961,339	(1,652,309)
		(6,531,600)	(21,201,887)

(a) As at 31 December 2025, the Group's net assets before intercompany elimination in Egypt were of SR 1.8 million (2024: SR 2.3 million net liabilities before intercompany elimination), therefore the remaining exposure of Group's foreign operation in Egypt was considered to be insignificant.

(b) Other includes mainly Turkey, Algeria and India.

32.1.2 Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in the market interest rates. The Group's financial assets carried at amortised cost are not subject to interest rate risk, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's long-term debt obligations at floating interest rates are exposed to the risk of changes in market interest rates and as at the financial position date the related exposure was not significant. The Group manages its exposure to interest rate risk by maintaining a balanced portfolio of long-term and short-term loans and continuously monitoring movements in interest rates.

The details of Group's borrowing in different currencies are as follows:

Borrowing currency	<i>Note</i>	2025	2024
Algeiran Dinar	(a)	104,532,596	100,793,439
Euro	(b)	41,790,722	50,306,479
India	(c)	29,913,480	32,854,832
Saudi Riyals and United States Dollar	(d)	-	268,920,000
Turkish Lira	(e)	-	16,169,271
Others		5,968,994	5,799,392
		182,205,792	474,843,413

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32 FINANCIAL RISK MANAGEMENT (continued)

32.1.2 Interest rate risk (continued)

- (a) As at 31 December 2025, the Algeria Interbank Offered Rate was fixed as of 6.05%. If the Algeria Interbank Offered Rate increased or decreased by 100 basis points, the impact on profitability will be of less than SR 1.5 million. .
- (b) As at 31 December 2025, Germany Interbank Offered Rate was fixed as of 3%. If the Germany Interbank Offered Rate increased or decreased by 100 basis points, the impact on profitability will be of less than SR 1 million.
- (c) As at 31 December 2025, the India Interbank Offered Rate was 5.36% (2024: 6.43%). If the India Interbank Offered Rate increased or decreased by 100 basis points, the impact on profitability will be of less than SR 1 million.
- (d) The major borrowings of Group are short term which are priced based on SAIBOR plus with an agreed fixed rate. The monthly average of three months SAIBOR during the year was 5.4% (2024: 5.7%). As at December 2025, the SAIBOR was 4.7% (2024: 5.6%). If the SAIBOR increased or decreased by 100 basis points will have less than SR 3 million effect on the profitability of the Group.
- (e) . As at 31 December 2025, the Turkish LIBOR (Lira Interbank Offered Rate) was 45.34% (2024: 55.99%). The increase or decrease in Turkish LIBOR by 100 basis points, will have effect of SR 1 million on the profitability of the Group.

32.2 Credit risk (Also see note 2.4, 3.3, and 9)

Credit risk is the risk that one party will fail to discharge an obligation and will cause the other party to incur a financial loss. The Group seeks to manage its credit risk with respect to banks by only dealing with reputable banks and with respect to customers by setting credit limits for individual customers, monitoring outstanding receivables and ensuring close follow-ups. The Group considers additional measures to mitigate credit risk when deemed appropriate by means of credit insurance.

32.2.1 Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and controls relating to customer credit risk management. In general, the Group's credit terms range between 30 days to 180 days. Outstanding customer receivables are regularly monitored. A default on a financial asset is when the counterparty fails to make contractual payments within 1080 days of when they fall due or it becomes probable a customer will enter into a bankruptcy or will not be able to pay the Group's due amounts.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively.

The expected credit loss is calculated based on a loss rate methodology. Loss rates are calculated using a 'roll rate' method (provision matrix approach) based on the probability of a receivable progressing through successive stages of delinquency to write-off. Loss rates are based on the default probability calculated on average flow rates of past 12 quarters. The loss rates are adjusted based on factor considering the future economic outlook. Roll rates are calculated separately for exposures in different segments based on the following common credit risk characteristics – geographic region, and type of customer i.e. government or private. This assessment is performed at each subsidiary level and consistent with last year. In segment reporting disclosure, trade receivables and related provision were specified which mainly represent the common risk characteristics.

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32 FINANCIAL RISK MANAGEMENT (continued)

32.2 Credit risk (Also see note 2.4, 3.3, and 9) (continued)

32.2.1 Trade receivables (continued)

32.2.1.1 Changes in assumptions including incorporation of forward-looking information

The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. The Group has used gross domestic product (GDP) growth rate and inflation as their key macroeconomic factors giving equal weightages to each. The macro-economic factors have been updated based on the latest available information.

The average credit losses of trade receivables of wide range of customers with shared risk characteristics at the Group level is a reasonable estimate of the probability weighted amount.

Further, the Group has also considered different scenarios with the different weightage and concluded that the current level of provision is sufficient to cover the related credit risk in compliance with the requirements of IFRS 9.

The increase or decrease of 10% change in macro-economic factors will result to a SR 3 million increase or SR 3 million decrease in the ECL provision.

The Group evaluates the concentration of risk with respect to trade receivables as low, considering the companies' operations relates to diversified segments (also see Note 26). As at 31 December 2025, from geographical concentrations perspective, the Group's major concentration of net receivables was in Saudi Arabia and Turkey, because the balances in any other country was not more than 5%.

2025	<i>Gross receivables</i>	<i>Provision</i>	<i>Net Receivables</i>
Saudi Arabia	893,618,261	(81,517,704)	812,100,557
Turkey	32,052,328	(2,844,484)	29,207,844
Other countries	193,893,803	(25,176,611)	168,717,192
	<u>1,119,564,392</u>	<u>(109,538,799)</u>	<u>1,010,025,593</u>
2024	<i>Gross Receivables</i>	<i>Provision</i>	<i>Net Receivables</i>
Saudi Arabia	1,040,669,818	(85,590,472)	955,079,346
Turkey	46,731,347	(3,990,034)	42,741,313
Other countries	141,347,113	(18,301,990)	123,045,123
	<u>1,228,748,278</u>	<u>(107,882,496)</u>	<u>1,120,865,782</u>

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32 FINANCIAL RISK MANAGEMENT (continued)

32.2 Credit risk (Also see note 2.4, 3.3, and 9) (continued)

32.2.1 Trade receivables (continued)

32.2.1.2 Sensitivity analysis (continued)

Expected credit loss analysis which was performed on a company-by-company level as at 31 December was as follows:

2025	Gross receivables	Provision	Net receivables	Average loss rates
Buckets				
Current				
(Not yet past due)	883,898,727	(14,825,380)	869,073,347	2%
1 to 180 days	111,037,284	(8,055,305)	102,981,979	7%
181 to 360 days	41,054,314	(6,955,784)	34,098,530	17%
	152,091,598	(15,011,089)	137,080,509	
361 to 540 days	17,544,581	(15,276,270)	2,268,311	87%
541 to 720 days	14,726,459	(14,307,713)	418,746	97%
	32,271,040	(29,583,983)	2,687,057	
721 to 900 days	8,924,242	(8,169,658)	754,584	92%
901 to 1080 days	5,825,269	(5,395,173)	430,096	93%
	14,749,511	(13,564,831)	1,184,680	
More than 1080 days	36,553,516	(36,553,516)	-	100%
Past due	235,665,665	(94,713,419)	140,952,246	
	1,119,564,392	(109,538,799)	1,010,025,593	
2024	Gross receivables	Provision	Net receivables	Average loss rates range
Buckets				
Current (not yet past due)	976,922,011	(8,684,790)	968,237,221	1%
1 to 180 days	119,505,184	(7,058,080)	112,447,104	6%
181 to 360 days	36,315,889	(4,540,562)	31,775,327	13%
	155,821,073	(11,598,642)	144,222,431	
361 to 540 days	13,082,371	(9,734,611)	3,347,760	74%
541 to 720 days	9,037,292	(6,284,149)	2,753,143	70%
	22,119,663	(16,018,760)	6,100,903	
721 to 900 days	6,697,572	(4,877,511)	1,820,061	73%
901 to 1080 days	4,921,700	(4,436,534)	485,166	90%
	11,619,272	(9,314,045)	2,305,227	
More than 1080 days	62,266,259	(62,266,259)	-	100%
Past due	251,826,267	(99,197,706)	152,628,561	
	1,228,748,278	(107,882,496)	1,120,865,782	

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32 FINANCIAL RISK MANAGEMENT (continued)

32.2 Credit risk (Also see note 2.4, 3.3, and 9) (continued)

32.2.2 Financial instruments and cash deposits (continued)

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

The credit risk on bank balances is low considering the Group has outstanding loans balances and credit facilities with the various banks, in Saudi Arabia, with good credit ratings (in the range of A+ to BBB+) as aligned from external credit rating companies such as Moody's and Fitch, so concentration risk is also low. Similarly, the credit risk on Investment at fair value through other comprehensive income is also low considering the good credit rating of the issuer. The Group is exposed to fair value risk on this investment, which would be recognized in the consolidated statement of other comprehensive income.

The Group's net debt position and, current ratio, and gearing ratio (see Note 30) were improved as compared to last year. Further, the Group manages its liquidity risk by ensuring that bank borrowing facilities from multiple banks are available thorough out the year (see Note 14). Therefore, the management believes that there is no risk of Group not meeting its obligations.

32.3 Maturity profile of the Group's financial liabilities (undiscounted basis)

	<i>Less than 3 months</i>	<i>3 to 12 Months</i>	<i>1 to 5 Years</i>	<i>Total</i>
2025				
Lease liabilities	-	7,359,570	69,656,693	77,016,263
Short-term loans	141,780,186	-	-	141,780,186
Long-term loans	-	10,625,695	29,799,911	40,425,606
Trade payables	273,121,674	-	-	273,121,674
Accrued expenses and other liabilities (note 17)	312,977,973	-	-	312,977,973
Due to related parties	41,111,263	-	-	41,111,263
	<u>768,991,096</u>	<u>17,985,265</u>	<u>99,456,604</u>	<u>886,432,965</u>
	<i>Less than 3 months</i>	<i>3 to 12 Months</i>	<i>1 to 5 Years</i>	<i>Total</i>
2024				
Lease liabilities	-	10,755,471	45,854,255	56,609,726
Short-term loans	353,273,299	-	-	353,273,299
Long-term loans	4,888,285	77,332,428	39,349,401	121,570,114
Trade payables	236,009,029	-	-	236,009,029
Accrued expenses and other liabilities (note 17)	318,275,390	-	-	318,275,390
Due to related parties	29,979,736	-	-	29,979,736
	<u>942,425,739</u>	<u>88,087,899</u>	<u>85,203,656</u>	<u>1,115,717,294</u>

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33 DISPOSAL GROUP – SALE OF ASTRA MINING COMPANY LIMITED

On 21 February 2024, Astra Industrial Group Company and Tharwat Mining Company signed an agreement with Saudi Lime Industries Company (the “purchaser”) for exiting its entire investment in Astra Mining, being held 77.3% by the Group and 22.7% by Tharawat Mining Company) for a transaction price of SR 35 million for 100% equity stake and also the purchaser will settle the amounts due to the Group by Astra Mining of SR 129.6 million. The deal was subject to completion of certain conditions by the buyer. These conditions were fulfilled on 19 May 2024. Accordingly, the control was transferred to the buyer on that date and the Group has recognized its share of gain amounting to SAR 37.8 million (representing 77.3% of consolidated gain on disposal of SAR 48.9 million).

An analysis of the results in relation to the operations of disposal group - sale of Astra Mining is as follows:

33.1 Financial performance and cash flow information

	<i>From 1 January 2024 to 19 May 2024</i>
Revenue	16,899,336
Expenses (net)	(14,114,432)
Operating income	2,784,904
Finance cost	(3,471,290)
Loss before zakat and tax from discontinued operation	(686,386)
Zakat and income tax benefit / (expense)	4,614
Post zakat and tax (loss) of discontinued operation	(681,772)
Gain on sale of discontinued operation	48,894,883
Profit / (loss) after tax for the period from discontinued operation	48,213,111
Actuarial gain on employees defined benefit plan	39,649
Other comprehensive income for the year from discontinued operation	39,649

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33 DISPOSAL GROUP – SALE OF ASTRA MINING COMPANY LIMITED (continued)

33.2 Assets and liabilities of disposal group

The major class of assets and liabilities of Astra Mining for sale in relation to the discontinued operation as at 19 May 2024 are as follows:

	<i>19 May 2024</i>
<u>Assets relating to disposal group</u>	
Property, plant and equipment	113,251,095
Trade receivables	8,147,125
Inventories	5,155,611
Prepayments and other current assets	2,186,831
Cash and cash equivalents	71,611
	<hr/>
Total assets of discontinued operation	128,812,273
	<hr/> <hr/>
<u>Liabilities relating to disposal group</u>	
Due to related party	129,550,000
Trade, accrued and other payables	10,492,789
Employees defined benefit liabilities	2,194,724
Lease liabilities	1,103,392
Short term borrowings	-
	<hr/>
Total liabilities of discontinued operation	143,340,905
	<hr/> <hr/>
Net assets of discontinued operation	(14,528,632)
	<hr/> <hr/>

The net cash flows generated / (incurred) by Astra Mining are as follows:

	<i>From 1 January 2024 to 19 May 2024</i>
Operating	3,612,046
Investing	(66,877)
Financing	(4,193,747)
	<hr/>
Net cash outflow	(648,578)
	<hr/> <hr/>

Earnings/(loss) per share:

	<i>From 1 January 2024 to 19 May 2024</i>
Basic, profit / (loss) for the period from discontinued operations	0.603

34 INVESTMENT IN AN UNCONSOLIDATED SUBSIDIARY

During the year ended 31 December 2025, the Shareholders of Al-Tanmiya Company for Steel Manufacturing (the "Subsidiary" or "Tanmiya") have decided to liquidate the subsidiary and official liquidator was also appointed and therefore the Group has lost the control. Accordingly the Group has derecognised the related assets, liabilities and non-controlling interest. The Group established that it has significant influence over Tanmiya and the share in results of Tanmiya were accounted on equity method.

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34 INVESTMENT IN AN UNCONSOLIDATED SUBSIDIARY (continued)

The following table illustrates the summarized financial information of the Group's investment in Tanmiya, who's functional and presentation currency is US Dollar and is converted to Saudi Riyals:

	2025
Current assets	62,338,261
Non-current assets	-
Current liabilities	(890,160)
Non-current liabilities	-
Equity	61,448,101
Group's share in equity	39,941,266
Statement of profit or loss	
Revenue	-
Depreciation	-
Income (loss) from operations	39,231,555
Finance costs	(161,166)
Other income	1,228,927
Total comprehensive income	40,299,316
Group's share of profit for the year	26,194,555

The subsidiary had no contingent liabilities or capital commitments as at 31 December 2025 and 2024.

35 DIVIDENDS

During the year, the Board of Directors of the Group recommended dividend of SR 240 million at SR 3 per share for distribution from the retained earnings. The Group's Annual General Assembly in its meeting held on 20 April 2025 approved the cash dividend of the proposed amount.

During 2024, the Board of Directors recommended dividend of SR 200 million at SR 2.5 per share for distribution from the retained earnings. The Group's Annual General Assembly in its meeting held on 24 June 2024 approved the cash dividend of the proposed amount.

36 SUPPLEMENT SCHEDULE OF SIGNIFICANT NON-CASH INFORMATION

	<i>Note</i>	2025	<i>2024</i>
Right-of-use assets	6	20,059,451	4,005,755
Lease liabilities	6, 14	20,059,451	4,005,755
Inventory write-off / Exchange difference	8.1	33,049,766	32,434,528
Trade receivable write-off / Exchange difference	9.2	20,287,469	21,075,256
Net monetary (loss)	24	(4,329,309)	(1,454,435)
Non-controlling interests	34	21,664,409	-
Due from related parties	34	40,279,229	-

37 BOARD OF DIRECTORS' APPROVAL

These consolidated financial statements were approved by the Board of Directors on 16 Ramadhan 1447H (corresponding to 5 March 2026).