

**TAKWEEN ADVANCED INDUSTRIES
(A SAUDI JOINT STOCK COMPANY)
CONDENSED INTERIM CONSOLIDATED FINANCIAL
STATEMENTS (UN-AUDITED)
FOR THREE MONTHS
PERIOD ENDED MARCH 31, 2026
WITH INDEPENDENT AUDITOR'S REVIEW REPORT**

TAKWEEN ADVANCED INDUSTRIES
(A SAUDI JOINT STOCK COMPANY)
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THREE MONTHS PERIOD ENDED MARCH 31, 2026
WITH INDEPENDENT AUDITOR'S REVIEW REPORT

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

The shareholders

Takween Advanced Industries

(A Saudi Joint Stock Company)

Al-Khobar, Kingdom of Saudi Arabia

Introduction

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

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as endorsed in the Kingdom of Saudi Arabia. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing as endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

Material Uncertainty Related to Going Concern

We draw attention to Note (2) to the accompanying interim condensed consolidated financial statements, which states that the Group incurred net losses amounting to approximately SAR 21 million during the three months period ended March 31, 2026 (2025: net losses of SAR 9,4 million).

Furthermore, as of that date, the Group's accumulated losses amounted to approximately SAR 519.379 million which exceed' s 50% of the share capital (2025: SAR 500,38 million). In addition, the Group's current liabilities exceeded its current assets by approximately SAR 341,98 million (2025: SAR 268,61 million).

These events or conditions, along with other matters, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Professional Consultants Company



Abdullah S. Al-Msned
License No. (456)

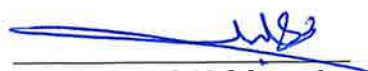
Riyadh:

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TAKWEEN ADVANCED INDUSTRIES
(A SAUDI JOINT STOCK COMPANY)
CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2026

	Note	March 31, 2026 (Un-audited) SR '000	December 31, 2025 (Audited) SR '000
ASSETS			
Non-current assets			
Property, plant and equipment	4	634,896	456,618
Intangible assets		251	-
Goodwill		208,509	208,509
Investments in an associate	3	-	64,240
Total non-current assets		843,656	729,367
Current assets			
Inventories	5	108,173	95,514
Trade receivables	6	193,719	152,762
Due from related parties		1,970	54,237
Prepaid expenses and other assets		73,317	36,317
Investment held at amortized cost		3,898	4,173
Cash and cash equivalents	7	20,225	28,385
Total current assets		401,302	371,388
Assets held for sale		14,551	14,551
TOTAL ASSETS		1,259,509	1,115,306
EQUITY AND LIABILITIES			
Equity			
Share capital	8	764,646	764,646
Other reserves		(76,171)	(73,412)
Accumulated losses		(519,378)	(500,380)
Total equity		169,097	190,854
LIABILITIES			
Non-current liabilities			
Long-term loans	9	221,719	168,695
Lease liabilities – non-current portion		92,004	88,902
Employee benefits		32,834	26,385
Deferred tax		577	474
Total non-current liabilities		347,134	284,456
Current liabilities			
Current portion of long-term loans	9	124,400	117,159
Short-term loans	9	317,900	309,702
Lease liabilities – current portion		23,163	25,036
Trade payables		156,763	67,621
Due to related parties		415	234
Accrued payables and other liabilities		120,637	120,244
Total current liabilities		743,278	639,996
Total liabilities		1,090,412	924,452
TOTAL EQUITY AND LIABILITIES		1,259,509	1,115,306


Mohamed Abdelrasool
Chief Financial Officer


Majed Nofal
Chief Executive Officer



Abdulmohsen Al-Othman
Chairman

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

TAKWEEN ADVANCED INDUSTRIES
(A SAUDI JOINT STOCK COMPANY)
CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2026

	Note	For the three months period ended	
		2026	2025
		(Un-audited) SR '000	(Un-audited) SR '000
Revenue	11, 12	217,191	145,001
Cost of revenue		(200,409)	(126,629)
Gross profit		16,782	18,372
Administrative expenses		(13,317)	(9,841)
Selling, marketing and distribution expenses		(12,780)	(8,071)
Movement in expected credit losses, net		3,488	812
Operating (loss)/ profit		(5,827)	1,272
Finance charges		(19,623)	(13,511)
Other (Expenses)/income, net		(1,486)	5,772
Share in loss of equity-accounted investment		-	(2,923)
Remeasurement of previously held interest equity-accounted investment		(42,550)	
Gain on bargain purchase		50,610	-
Loss before zakat and income tax		(18,876)	(9,390)
Zakat and income tax		(122)	(129)
Net loss for the period		(18,998)	(9,519)
Other comprehensive loss:			
<i>Item that may be reclassified to statement of profit or loss</i>			
Exchange differences on translation of foreign operation		(2,759)	58
Other comprehensive income (loss) for the period		(2,759)	58
Total comprehensive loss for the period		(21,757)	(9,461)
Loss per share (SR)			
Basic and diluted loss per share	13	(0.25)	(0.12)


Mohamed AbdElrasool
Chief Financial Officer


Majed Nofal
Chief Executive Officer


Abdulmohsen Al-Othman
Chairman

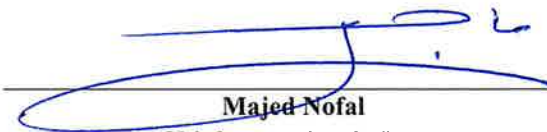
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TAKWEEN ADVANCED INDUSTRIES
(A SAUDI JOINT STOCK COMPANY)
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2026

	Share capital SR '000	Other reserves SR '000	Accumulated losses SR '000	Total SR '000
Balance as at January 1, 2025 (audited)	764,646	(74,659)	(298,350)	391,637
Net loss for the period	-	-	(9,519)	(9,519)
Other comprehensive gain for the period	-	58	-	58
Total comprehensive loss for the period	-	58	(9,519)	(9,461)
Balance as at March 31, 2025 (un-audited)	764,646	(74,601)	(307,869)	382,176
Balance as at January 1, 2026 (audited)	764,646	(73,412)	(500,380)	190,854
Net loss for the period	-	-	(18,998)	(18,998)
Other comprehensive loss for the period	-	(2,759)	-	(2,759)
Total comprehensive loss for the period	-	(2,759)	(18,998)	(21,757)
Balance as at March 31, 2026 (un-audited)	764,646	(76,171)	(519,378)	169,097



Mohamed Abdelrasool
Chief Financial Officer



Majed Nofal
Chief Executive Officer




Abdulmohsen Al-Othman
Chairman

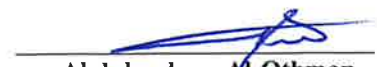
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TAKWEEN ADVANCED INDUSTRIES
(A SAUDI JOINT STOCK COMPANY)
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2026

	For the three months period ended	
	March 31, 2026	March 31, 2025
Note	(Un-audited) SR '000	(Un-audited) SR '000
OPERATING ACTIVITIES		
Loss before zakat and income tax	(18,876)	(9,390)
<i>Adjustments for:</i>		
Depreciation and amortization	17,300	9,921
Gain on disposal of property, plant and equipment	-	(3,187)
Movement in expected credit losses, net	6 (3,488)	(812)
Finance charges	19,623	13,511
Provision for employee benefits	1,185	1,659
Interest income on investment held at amortized cost	(203)	(178)
Share of loss of equity-accounted investees	-	2,923
Remeasurement of previously held interest	42,550	-
Gain from bargain purchase	(50,610)	-
	<u>7,481</u>	<u>14,447</u>
Movement in working capital:		
Inventories	26,139	5,933
Trade receivables	(8,889)	13,070
Due from related parties	(141)	(423)
Prepaid expenses and other assets	(23,112)	(10,853)
Trade payables	26,281	20,330
Due to related parties	181	390
Accrued payable and other liabilities	(18,114)	(26,477)
	<u>9,826</u>	<u>16,417</u>
Cash generated from operations		
Employee benefits paid	(1,645)	(3,636)
	<u>8,181</u>	<u>12,781</u>
Net cash generated from operating activities		
INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	4 (6,421)	(8,860)
Proceeds from disposal of property, plant and equipment	-	6,367
(Investment in) / proceeds from disposal of investment held at amortized costs	478	(195)
Interest income from investment held at amortized cost	27	361
Acquisition of subsidiary-net cash acquired	3 2,874	-
	<u>(3,042)</u>	<u>(2,327)</u>
Net cash used in investing activities		
FINANCING ACTIVITIES		
Proceeds of loans	540,252	342,703
Repayment of loans	(524,411)	(338,716)
Repayment of principal of lease liability	(5,489)	(3,758)
Finance charges paid	(21,572)	(13,400)
	<u>(11,220)</u>	<u>(13,171)</u>
Net cash generated from / (used in) financing activities		
Net change in cash and cash equivalents		
Cash and cash equivalents at the beginning of the period	(6,081)	(2,717)
Foreign currency translation reserve	28,385	6,296
	<u>(2,079)</u>	<u>55</u>
Cash and cash equivalents at the end of the period	<u>5 20,225</u>	<u>3,634</u>


Mohamed Abdelrasool
Chief Financial Officer


Majed Nofal
Chief Executive Officer


Abdulmohsen Al-Othman
Chairman

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

TAKWEEN ADVANCED INDUSTRIES

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2026

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

Takween Advanced Industries (“the Company”) is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under commercial registration number 2051044381 issued in Al Khobar on Muharram 9, 1432H (December 15, 2010).

The Company’s registered office is located at Al Khobar, Kingdom of Saudi Arabia.

The principal activities of the Company and its subsidiaries (“the Group”), each of which operates under individual commercial registration, are:

- Owning of factories with various plastic products manufacturing together with maintaining, operating and managing;
- Production of disposable polystyrene cups, lids and other plastic related products;
- Production of non-woven fabrics;
- Production of PET (Polyethylene Terephthalate) pre-forms;
- Manufacturing of, and wholesale trading in plastic containers and films;
- Manufacturing of, and wholesale and retail trading in plastic containers and polyethylene cups, rolls, bags.
- Managing and operating of industrial centers;
- Owning of land for the purpose of establishing and developing factories;
- Establishing industrial institutes and providing and coordinating training courses related to developing of plastic products;
- Import and export, wholesale and retail trade in various kind of plastic products; and
- Establishing, managing, operating and maintaining different industrial projects.

The condensed interim consolidated financial statements include the financial statements of the Company and its subsidiaries listed below:

	Effective ownership	
	March 31, 2026	December 31, 2025
Saudi Plastic Packaging Systems (“Saudi Packaging”)	100%	100%
Al-Sharq Company for Plastic Industries Limited (“Al-Sharq”)	100%	100%
New Marina for Plastic Industries Company (S.A.E.) (“New Marina”)	100%	100%
Advanced Fabrics Factory Company (“SAAF”)	100%	30%
Ultra-Pak Manufacturing Company (“Ultra Pak”)	100%	100%

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

2.1 Basis of Preparation

These condensed interim consolidated financial statements for the three-month period ended March 31, 2026, have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting (“IAS 34”) as endorsed in the Kingdom of Saudi Arabia. These condensed interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements and hence should be read in conjunction with the Group’s annual financial statements for the year ended December 31, 2025.

These condensed interim consolidated financial statements have been prepared on the historical cost convention except for where International Financial Reporting Standards (“IFRSs”) requires other measurement basis.

The principal accounting policies applied in the preparation of condensed interim consolidated financial statements are consistent with those of the previous financial year and the respective corresponding interim reporting period.

The preparation of condensed interim consolidated financial statements required management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts in the condensed interim consolidated financial statements. These critical accounting judgements and key sources of estimations were the same as those described in the last annual financial statements.

These condensed interim consolidated financial statements are presented in Saudi Riyals (SR) in thousands, which is the Group’s functional and presentation currency.

TAKWEEN ADVANCED INDUSTRIES

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2026

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.2 Going concern

As of March 31, 2026, the Group reported a net losses amounting to approximately SAR 21 million during the three months period ended March 31, 2026 (2025: net losses of SAR 9.4 million

Furthermore, as of that date, the Group's accumulated losses amounted to approximately SAR 519.379 million which exceed's 50% of the share capital (2025: SAR 500,38 million). In addition, the Group's current liabilities exceeded its current assets by approximately SAR 341.98 million (2025: SAR 268,61 million), mainly due to market challenges, resin price volatility, and a SR 115,07 million impairment charge during 2025, indicating material uncertainty regarding its ability to continue as a going concern. To address this, management has initiated a turnaround strategy focused on debt restructuring, operational optimization, cost efficiencies, and revenue growth initiatives. Based on projected cash flows and planned restructuring, management expects the Group to have sufficient resources to meet its obligations, and accordingly, the financial statements have been prepared on a going concern basis.

2.3 Goodwill

Management has performed annual impairment testing of Goodwill as of 31 December 2025, the carrying value of goodwill amounted to SR 208.509 million (2025: SR 323.58 million) relates to the acquisition of Saudi Plastic Packaging System (formerly Savola Packaging Systems Company Limited) along with its subsidiaries.

2.4 Basis of consolidation

The condensed interim consolidated financial statements incorporate the financial statements of Takween Advanced Industries and of its subsidiaries (the "Group") as detailed in note 1. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.
- The Group reassesses 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 listed above.
- When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:
- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the period are included in the condensed interim consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Condensed interim consolidated statements of profit or loss and each component of other comprehensive income are attributed to the shareholders of the Company. Total comprehensive income of subsidiaries is attributed to the shareholders of the Company.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full consolidation.

TAKWEEN ADVANCED INDUSTRIES
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2026

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.4 Basis of consolidation (continued)

2.4.1 Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to shareholders of the Group.

When the Group loses control of a subsidiary, a gain or loss is recognized in the condensed interim consolidated statement of profit or loss and other comprehensive income and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified condensed interim consolidated statement of profit or loss and other comprehensive income or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded either at fair value on initial recognition for subsequent accounting under IFRS 9, or at the cost on initial recognition of an investment in an associate or a joint venture.

2.5 Use of Judgments and Estimates

In preparing these Condensed interim consolidated Financial Statements, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income, and expense. Actual results may differ from these estimates. The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual Consolidated Financial Statement.

2.6 New Standards, Amendments to Standards and Interpretations

A number of new standards, amendments to standards are effective from January 1, 2026, but they do not have a material effect on the Group's condensed interim consolidated financial statements.

Certain new accounting standards and interpretations have been published that are not mandatory for March 31, 2026 reporting period and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

3. BUSINESS COMBINATIONS

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Company, liabilities incurred by the Company to the former owners of the acquiree and the equity interests issued by the Company in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

As per IFRS 10, at the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value with the exception of liabilities related to employee benefit arrangements which are recognized and measured in accordance with IAS 19 - "Employee benefits".

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net identifiable assets in the event of liquidation may be initially measured either at fair value or at the noncontrolling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

The initial accounting for a business combination can be determined provisionally by the end of the measurement period (not exceeding 12 months from the acquisition date) and the business combination is accounted for using provisional amounts. Adjustments to provisional amounts and the recognition of newly identified asset and liabilities are made within the 'measurement period' where they reflect new information obtained about facts and circumstances that were in existence at the acquisition date.

TAKWEEN ADVANCED INDUSTRIES
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2026

3. BUSINESS COMBINATION (CONTINUED)

3.1 Acquisition of Advanced Fabrics Factory Company “SAAF”

On January 01, 2026, the Group closed the acquisition of 70% of the shares of SAAF. The Group already owned 30% interest in SAAF, following completion of this transaction, the Group now holds 100% interest of SAAF. The Group has consolidated the results of operations from January 01, 2026.

Fair value of net assets acquired.

The application of the purchase method requires certain estimates and assumptions, mainly concerning the determination of the fair values of the acquired property, plant and equipment as well as the liabilities assumed at the date of the acquisition, including the timing and amounts of cash flow projections, the revenue growth rates, the customer attrition rates and the discount rate. The fair values determined at the acquisition date are based mainly on discounted cash flows and other valuation techniques.

The preliminary purchase price allocation was carried out with the assistance of a third-party expert. In accordance with IFRS 3, the Company used provisional amounts for a various component of the business combination as of the acquisition date, and will continue reviewing the allocation and make any necessary adjustments during the twelve months (measurement period) following the acquisition date.

The allocation of the fair values determined for the assets and liabilities arising from the acquisition is as follows:

Fair value of acquired assets and liabilities as of the acquisition date (January 01, 2026)

	<u>SR ‘000</u>
Property, plant and equipment	189,985
Working Capital	81,099
Cash and cash equivalents	2,874
Borrowings	(54,571)
Other assets and liabilities, net	<u>(147,087)</u>
Net assets	<u><u>72,300</u></u>

4. PROPERTY, PLANT AND EQUIPMENT

	March 31, 2026 (Un-audited) SR ‘000	December 31, 2025 (Audited) SR ‘000
Net book value at beginning of the period/ year	456,618	445,955
Acquired in business combination	189,985	-
Additions during the period/year	6,421	148,866
Disposal during the period/ year	-	(97,983)
Depreciation charged during the period/ year	(17,236)	(40,587)
Foreign currency translation	(892)	367
Net book value at end of period/ year	<u>634,896</u>	<u>456,618</u>

5. INVENTORIES

	March 31, 2026 (Un-audited) SR ‘000	December 31, 2025 (Audited) SR ‘000
Finished goods	37,997	28,370
Raw and packaging materials and work in progress	44,056	39,562
Spare parts	46,111	29,161
	<u>128,164</u>	<u>97,093</u>
Allowance for inventories	(19,991)	(1,579)
	<u>108,173</u>	<u>95,514</u>

TAKWEEN ADVANCED INDUSTRIES
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2026

5. INVENTORIES (Continue)

5.1. Movement in the Allowance for obsolesce and slow-moving inventories:

	March 31, 2026 (Un-audited) SR '000	December 31, 2025 (Audited) SR '000
Balance as at January 1	1,579	1,709
Acquired in business combination	18,495	-
Movement, net	-	(171)
Foreign currency translation	(83)	41
Closing balance	19,991	1,579

6. TRADE AND OTHER RECEIVABLES

	March 31, 2026 (Un-audited) SR '000	December 31, 2025 (Audited) SR '000
Trade receivables – third parties	270,457	229,363
Allowance for impairment for trade receivables	(76,738)	(76,601)
	193,719	152,762

The movement in the allowance for expected credit loss is as follow

	March 31, 2026 (Un-audited) SR '000	December 31, 2025 SR '000
Balance as at January 1	76,601	80,738
Acquired in business combination	3,755	-
Reversed during the period / year	(3,488)	(2,370)
Write off	-	(1,885)
Foreign currency translation	(130)	118
	76,738	76,601

7. Cash and cash equivalents

	March 31, 2026 (Un-audited) SR '000	December 31, 2025 (Audited) SR '000
Cash in hand	285	216
Cash at bank	19,940	28,169
Total	20,225	28,385

TAKWEEN ADVANCED INDUSTRIES
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2026

8. SHARE CAPITAL

As of March 31, 2026, the Group's share capital was SR 764,646,060 (December 31, 2025: SR 764,646,060), divided into 76,464,606 fully paid shares (December 31, 2025: 76,464,606), each with a nominal value of SR 10.

Summary of share capital

	March 31, 2026 (Un-audited) SR '000	December 31, 2025 (Audited) SR '000
Authorized share capital (in shares of SR 10 each)	764,646	764,646
Issued, subscribed and fully paid-up share capital	764,646	764,646
	March 31, 2026 (Un-audited)	December 31, 2025 (Audited)
Reconciliation of number of shares outstanding (in "000")		
Opening balance	76,465	76,465
Closing balance	76,465	76,465

9. BORROWINGS

	March 31, 2026 (Un-audited) SR '000	December 31, 2025 (Audited) SR '000
Long-term loans (a)	346,119	285,854
Short-term loans (b)	317,900	309,702

a) Long-term loans

	March 31, 2026 (Un-audited) SR '000	December 31, 2025 (Audited) SR '000
Commercial loan	346,119	285,854
Less: current portion	(124,400)	(117,159)
Non-current portion of long-term loans	221,719	168,695

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9. BORROWINGS (Continue)

Commercial loan

In 2023, the Group entered a Tawarroq Financing Agreement with local bank for SR 40 million, repayable in quarterly installments from March 2023 to December 2026.

In 2024, the Group entered a Tawarroq Financing Agreement with local bank for SR 80 million, repayable in monthly installments from October 2024 to September 2027. Further, the Group also entered into a financing agreement with local financial institution for SR 80 million, repayable in quarterly installments from April 2025 to January 2028.

In 2025, the Group entered into a Murabaha Financing Agreement with local bank for SR 15 million, repayable in quarterly installments from June 2025 to September 2026. Further, the Group also entered a sharia compliant financing agreement with local bank for SR 120 million, repayable in quarterly installments from February 2026 to April 2030.

The Group was in breach of certain loan covenants, monitored annually in December. Remedial actions were taken, including obtaining a waiver from the bank for the year ended December 31, 2025.

b) Short-term loans

The Group has established credit facility agreements with local banks, which include overdrafts, short-term loans, letters of credit, and guarantees. These facilities bear financing charges at prevailing market rates and are secured by demand notes, promissory notes, and corporate guarantees from Al-Othman Holding Company.

c) Loan movement

	March 31, 2026	December 31, 2025
	(Un-audited)	(Audited)
	SR '000	SR '000
Opening balance	<u>595,556</u>	<u>558,899</u>
Acquired in business combination	54,571	-
Proceeds from loans	536,253	1,671,108
Repayment of loans	(524,411)	(1,631,649)
Finance charges on loan	12,434	48,028
Repayment of finance charges on loan	<u>(10,384)</u>	<u>(50,830)</u>
Closing balance	<u>664,019</u>	<u>595,556</u>

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10. RELATED PARTY TRANSACTIONS

- a) Balances and transactions between the Group and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

<u>Company</u>	<u>Relationship</u>
Al Othman Group of Companies	Affiliates
Al Ahsa Medical Services Company	Common directorship
Advanced Fabrics Factory Company	Previously Associate

During the period, the Group entered into the following transactions with related parties that are not members of the Group:

<u>Nature of transaction</u>	March 31, 2026 (Un-audited) SR '000	March 31, 2025 (Un-audited) SR '000
Loan from shareholder	-	74,156
Sales during the period	21,507	23,227
Finance cost on loan from shareholder	-	631
Accommodation, food and other miscellaneous expenses	3	10
Insurance services	-	150
Purchase of materials	8	7
Rentals	398	1

- b) Remuneration of Directors and Key Management Personnel:

	March 31, 2026 (Un-audited) SR '000	March 31, 2025 (Un-audited) SR '000
Remuneration	2,550	2,859
House rent allowance	473	607
Employee benefits	225	222
Bonus	100	173
Medical allowance	34	44
Others	811	676
	4,193	4,581
BOD and related committees' remuneration	63	66

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11. SEGMENTAL INFORMATION

The Group's principal activities are related to the following main business segments, which are its reportable segments.

- **Food packaging:** This segment includes manufacturing and sales of preforms bottles, caps, cups and lids.
- **Industrial packaging:** This segment includes manufacturing and sales of drums, crates, containers, bags, films, pallets and tubes.
- **Medicinal and non-woven fabrics:** This segment includes manufacturing and sales of non-woven medical and hygiene fabrics.

The segments are managed separately because they require different technology and marketing strategies. Segment profit/loss before tax is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries.

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

Selected financial information as at 31 March 2026 and 31 March 2025, and for the period then ended, categorized by these business segments, is as follows

	Food packaging	Industrial packaging	Non-woven fabrics	Total
	SR '000	SR '000	SR '000	SR '000
For the period ended March 31, 2026				
External revenue	132,911	29,235	55,045	217,191
Inter-segment revenue	316	1,296	-	1,612
Segment revenue	133,227	30,531	55,045	218,803
Cost of revenue	(121,568)	(27,070)	(52,080)	(200,718)
Administrative expenses	(2,952)	(1,338)	(2,312)	(6,602)
Selling, marketing and distribution expenses	(6,751)	(2,282)	(3,747)	(12,780)
Movement in expected credit loss, net	2,179	481	828	3,488
Finance charges	(10,596)	(2,695)	(2,380)	(15,671)
Other Income, net	(624)	411	200	(13)
Segment results	(6,987)	(1,962)	(4,446)	(13,493)
As of March 31, 2026				
Segment assets	554,899	147,239	286,646	988,784
Segment liabilities	320,317	96,886	222,412	639,615

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11. SEGMENTAL INFORMATION (continued)

	Food packaging	Industrial packaging	Non-woven fabrics	Total
	SR '000	SR '000		SR '000
For the period ended March 31, 2025				
External revenue	113,467	31,534	-	145,001
Inter-segment revenue	285	1,226	-	1,511
Segment revenue	113,752	32,760	-	146,512
Cost of revenue	(99,932)	(27,618)	-	(127,550)
Administrative expenses	(3,216)	(1,498)	-	(4,714)
Selling, marketing and distribution expenses	(5,474)	(1,785)	-	(7,259)
Finance charges	(10,033)	(2,142)	-	(12,175)
Other Income, net	5,175	171	-	5,346
Segment results	272	(112)	-	160
As at December 31, 2025				
Segment assets	590,859	147,354	-	738,213
Segment liabilities	315,931	86,383	-	402,314

(a) Reconciliation of information on reportable segments to the amounts reported in the consolidated financial statements

Certain corporate expenses and related assets and liabilities (primarily the Group's headquarters) are not allocated to individual segments. Further, certain consolidation adjustments relating to elimination of inter-company balances are also adjusted. The reconciliation of these amounts are as follows;

	March 31, 2026 (Un-audited) SR '000	March 31, 2025 (Un-audited) SR '000
Revenues		
Segment revenue	218,803	146,512
Elimination of inter-segment revenue	(1,612)	(1,511)
Consolidated revenue	217,191	145,001
Loss before zakat and income tax		
Segment results	(13,493)	160
Unallocated amounts	(5,383)	(9,550)
Consolidated loss before zakat and income tax	(18,876)	(9,390)
	March 31, 2026 (Un-audited) SR '000	December 31, 2025 (Audited) SR '000
Total assets		
Segment assets	988,784	725,048
Unallocated assets	712,851	867,908
Consolidated adjustments	(442,126)	(477,650)
Consolidated total assets	1,259,509	1,115,306
Total liabilities		
Segment liabilities	639,615	428,187
Unallocated liabilities	553,552	563,718
Consolidated adjustments	(102,755)	(67,453)
Consolidated total liabilities	1,090,412	924,452

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11. SEGMENTAL INFORMATION (continued)

(b) Geographic information

The geographic information analyses the Group's revenue and non-current assets by the company's country of domicile and other countries. In presenting the geographic information, segment revenue has been based on the geographic location of customers and segment assets were based on the geographic location of the assets.

	March 31, 2026 (Un-audited) SR '000	March 31, 2025 (Un-audited) SR '000
Revenue		
Kingdom of Saudi Arabia	150,184	120,205
Other countries	67,007	24,796
	217,191	145,001
	March 31, 2026 (Un-audited) SR '000	December 31, 2025 (Audited) SR '000
Non-current assets		
Kingdom of Saudi Arabia	628,614	440,758
Egypt	6,216	4,813
	634,830	445,571

(c) Major customer

Revenue from one customer of the Group's both Food and Industrial packaging segments represented approximately SR 21.5 million (2025: SR 23.2 million) of the Group's total revenues.

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12. REVENUE

(a) Revenue streams

The Group generates revenue primarily from the sale of food and industrial packaging products to its customers (refer note 10).

	March 31, 2026 (Un-audited) SR '000	March 31, 2025 (Un-audited) SR '000
Revenue from contracts with customers	<u>217,191</u>	<u>145,001</u>

(b) Critical judgements in recognizing revenue and allocating transaction price

The Group recognizes revenue when a customer obtains control of the goods at a point in time, i.e. on delivery of goods. Revenue is measured based on the consideration specified in the contract with the customer. Transaction prices are allocated based on the standalone selling prices of the goods, generally the Group has single performance obligations i.e. delivery of the goods. Apart from the above there is no other critical judgement required in recognizing revenue.

(c) Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by primary geographical market and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments (note 10).

	Food packaging SR '000	Industrial packaging SR '000	Non-woven fabrics SR '000	Total SR '000
For the period ended March 31, 2026				
Primary geographical markets				
Kingdom of Saudi Arabia	109,950	24,530	15,704	150,184
Other countries	22,961	4,705	39,341	67,007
	<u>132,911</u>	<u>29,235</u>	<u>55,045</u>	<u>217,191</u>
Timing of revenue recognition				
Products transferred at a point in time	132,911	29,235	55,045	217,191
External revenue as reported in Segmental reporting (note 10)	132,911	29,235	55,045	217,191
For the period ended March 31, 2025				
Primary geographical markets				
Kingdom of Saudi Arabia	92,473	27,732	-	120,205
Other countries	20,994	3,802	-	24,796
	<u>113,467</u>	<u>31,534</u>	<u>-</u>	<u>145,001</u>
Timing of revenue recognition				
Products transferred at a point in time	113,467	31,534	-	145,001
External revenue as reported in Segmental reporting (note 10)	113,467	31,534	-	145,001

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12. REVENUE (continued)

(d) Contract balances

The following table provides information about trade receivables and contract liabilities from contracts with customers.

	Note	March 31, 2026 (Un-audited) SR '000	December 31, 2025 (Audited) SR '000
Trade receivables – Gross	5	270,457	229,363
Contract liabilities (advance from customers)		72,638	100,745

The contract liabilities primarily relate to the advance consideration received from customers before the goods are delivered. The amount of SR 21,5 million included in advance from customers as at March 31, 2025 has been recognized as revenue in the three month period ending March 31, 2026 (2025: SR 22,89 million).

13. LOSS PER SHARE

Basic loss per share is calculated by dividing the loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period.

For diluted loss per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all potential dilutive ordinary shares. There were no potentially dilutive shares outstanding at any time during the periods 2025 and 2026.

The weighted average number of shares has been retrospectively adjusted for the prior period to reflect the element of the rights issue as required by IAS 33, "Earnings per share":

The basic and diluted loss per share are as follows:

	March 31, 2026 (Un-audited)	March 31, 2025 (Un-audited)
Net loss for the period	(18,998,641)	(9,519,697)
Weighted average number of ordinary shares	76,464,606	76,464,606
Basic and diluted earnings per share	(0.25)	(0.12)

14. CONTINGENCIES AND COMMITMENTS

The Group had the following contingencies and commitments:

	March 31, 2026 (Un-audited) SR '000	December 31, 2025 (Audited) SR '000
Letters of guarantee and others	1,377	1,377
Capital commitments against purchase of property, plant and equipment	15,645	833

Exit Success Fee

Under a share purchase agreement for the acquisition of shares in Advanced Fabrics Factory Company dated 30 April 2026, the Group may be required to pay a contingent exit success fee to the former shareholder upon a future disposal of its investment in the company. The fee is payable only if an exit transaction occurs within the agreed period and is calculated as a percentage of the transaction value (ranging from 3% to 10%, depending on the circumstances). As this obligation is contingent on a future uncertain event, no liability has been recognized as at the reporting date.

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15. SUBSEQUENT EVENTS

In the opinion of the management, there have been no significant subsequent events since the period-end that require adjustment of or disclosure in these Condensed interim consolidated Financial Statements.

16. APPROVAL OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

These condensed interim consolidated financial statements were approved by the Board of Directors for issuance on May 12, 2026 corresponding to Thul-Qi'dah 25, 1447 H